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**Private Sector engagement in public sector education
in England, 1997 – 2005, an analysis of New Labour's
policy with a focus on modernisation,
competitiveness and the Private Finance Initiative.**

by

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I declare that this thesis is my own work and that it has not been submitted to any other University for the award of a Degree.

Eric Wood

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Synopsis

This thesis examines the philosophical drivers behind the education policy agenda pursued by the New Labour Government and will test the assertion that:

Mrs Thatcher had a project. Blair's historic project is adjusting us to it.
(Hall, S. 1998. 14. p 28)

The research considers the legislative policy, practice and continuities between Conservative and New Labour governments and critically analyses the 'Third Way' with particular reference to modernisation, competition and the restructuring of the welfare state in response to globalisation. The thesis also examines the growth of the private sector in state education, the development of the Private Finance Initiative in both policy and operational terms and draws conclusions about the implications for the governance of education of the trend towards a 'liberal state', where individual choice is perceived to be more effective and efficient than a model of governance based upon social values.

The qualitative nature of this thesis includes consideration of the issues involved in the changing concepts of citizenship and consumerism within the evolving, redefined welfare state; examines the assertion by Marquand (2000) that incessant marketisation has generated a culture of distrust which has corroded the values of professionalism, citizenship, equity and public service and draws conclusions about accountabilities within a modern social democracy.

The study includes an analysis of education legislation and a critique of policy intent in the broader context of societal impact. This incorporates an analysis of primary texts, government policy statements as well as Green and White Papers, compared and evaluated with contemporary research literature.

Coupled with a case study of the Private Finance Initiative in Stoke-on-Trent the theoretical triangulation (Denzin, 1970) is combined with witness accounts of the 'complex phenomena' associated with a Private Finance Initiative' (Adelman, 1980) and enabled cross cutting perspectives to be illuminated and the knowledge and understanding of modernisation extended. Such triangulation extends knowledge by clarifying meaning by the identification of different ways in which modernisation is perceived in both theoretical and practical terms (Silverman, 1993; Flick, 1998). The thesis considers within the reality of the case study the importance of the local democratic voice and local political actions in educational governance, including the political/professional/public interface. This leads to conclusions about the need for a modern social democracy to explore the concept of accountability to the citizen as well as the consumer of services within a framework of evolving local policy networks and emergent patterns of governance within state education.

In essence this thesis examines whether it is a superficial assertion to equate the 'Third Way' with neo-liberalism (Marquand, 2000; Driver and Martell, 1998, 2000; Giddens, 1998, 2000) or that the plurality of 'Third Ways' have translated into operational definition, legislation and policies within a model of education which lacks a coherent and identifiable national drive and is therefore critically dependent upon local interpretation and local political response. It also reaches conclusions about the citizen – state relationship, the validity of the concept of the 'social investment state' and suggests constituent elements of a 'fourth way' as a contribution to the issue posed by Whitty, (2000), 'how can education best help reconstruct the social fabric and new concepts of citizenship – and who shall influence its design? (p 8).

INTRODUCTION

The author of this thesis has worked in education administration for thirty years, the last eleven (1995 - 2006) as a County Education Officer and, whilst the role of researcher in developing this thesis has been informed by a professional working knowledge of the governance of education, the thesis aims to extend knowledge and understanding of the subject based upon the evidence gathered and, in developing conclusions, the application of professional expertise, the essence of which relies upon an objective analysis of policy development and implementation.

This dissertation combines a critical analysis of education legislation, policy texts, speeches and current literature, together with an illustrative case study of a local education authority, to examine the modernisation programme pursued by New Labour since 1997 in respect of public services. The dissertation is qualitative in nature and moves from an analysis of legislation and commentary on central government's positions into the use of primary material and human interaction at local level and then, drawing upon both areas, considers the implications of modernisation for the governance of public education. The case study does not set out to reach conclusions about whether the use of the private sector or the private sector finance initiative is a force for 'good' or otherwise – it does, however, reflect upon the critical importance to modernisation of local political interpretation, extends knowledge of modernisation in a local context and indicates that a fourth way vision relies critically upon local voices, local actions and the reconstruction of a local public realm.

The terms 'new', 'modern', 'modernise' and 'modernisation' are descriptors chosen by New Labour to describe their underlying purpose in government. The terms occur 609 and 176 times respectively in 53 speeches by Blair between 1997 and 1999 (Fairclough 2000 p18). The pursuit of the modernisation agenda is rooted in and stems from the 'Third Way' strategies advocated by Giddens (1998, 2000); an attempt to move beyond Old Labour (socialism and Keynesian social democracy) and the New Right (neoliberalism) in response to globalisation and the economizing of education within which policy enables economic interest to dominate educational process, content and delivery structures. The 'Third Way' was

the essence of Labour's philosophy in the period before, and subsequent to the 1997 general election. The revision of what had been seen as Labour's political purpose, Clause 4 part 4 of Labour's constitution was seen as representing a 'clear, coherent route between the Right (especially the nineteenth century Liberal new right) and the old, neo Marxist Left', the new 'Third Way', (Straw, 1998, para 15).

The new goal for Labour was social inclusion (Levitas 1998, Giddens, 1998, 2000) favouring economic growth, entrepreneurship and wealth creation through a path, which steered between traditional definitions of socialism and neo liberalism. This claim of a new path has led to attempts to place it on a left-right continuum (Driver and Martell, 2000), which assumes such a clarity of approach that a positioning can be enabled. An alternative view is that the 'Third Way' is an emergent strategy or a practice without a theory (Wright, 1996) and is capable of embracing a plurality of third way strategies, (Marquand, 1998, White, 1998).

It is, however, clear that the educational third way pursued by New Labour represents to a significant degree policy adaption; that the Education Act (2002) is built upon the 1988 Education Act initiated by the Conservatives, and that modernisation is a 'shorthand term for an ambitious and transformative project, begun in 1997 but building upon previous phases of modernisation', (Ozga 2002, p 322). This perspective was suggested by Mandelson who said that the New Labour strategy 'is to move forward from where Margaret Thatcher left off', (Mandelson & Liddle, 1996, p xx). In order to analyse the concept that the 'big idea' is in fact, that there is no big idea, (Economist 1998, Kay, 1998) and that Labour's modernising strategy is rooted in the pragmatic requires consideration of the 'values' agenda and an examination of how far the third way lacks coherence between claimed values and policies and within and between specific policy initiatives. This requires a focus upon Labour's legislative record, focussing on three primary principles which have spanned education policy from 1988 to 2000, passing seamlessly from Conservative to Labour governments:

Choice and competition. The commodification and consumerisation of education.

Autonomy and performativity. The managerialisation and commercialisation of education.

Centralisation and prescription. The imposition of centrally determined assessments, schemes of work and classroom methods, with audit and control driven across the system.

(Ball, 2001a p 46)

Ball (2001) reinforces the views expressed by Crump (1998), David (1998) and Whitty (1998) that a scrutiny of the continuities between Conservative and Labour indicates policy emanating from inherited foundations. The continuities were summed up by Esland (1996) who argued that, since the 1970's

Education's traditional liberal, humanistic values have been divided and abandoned by the New Right and replaced by a totalising and unreflexive business oriented ideology expressed through a discourse based upon markets, targets, audits, quality performance and human resource management. (p 20).

This aspect of the modernising agenda is considered in this dissertation in the context of the Education Act (2002) which mapped out a future for a public education service incorporating a multiplicity of service and resource providers and enabling the further development of a permeable boundary between the public and private sector as set out in Chapter One, p 11– 43 of this dissertation. This engagement of the private sector within the public domain can be seen most clearly in the growth of the private finance initiative, a focus for this study with reference to policy analysis, evaluation and a case dissertation. The New Labour Party published a business manifesto in 1997 promising 'active promotion of public/private partnerships to renew Britain's infrastructure'. The plan emphasized New Labour's ideological transformation:

In the future public/private partnerships will play an increasing role in procuring public services and investment. The old argument as to whether public ownership was always best or whether privatisation was the only answer is behind us. The truth is there are some things that the private sector does best and others where the public

sector is appropriate. In many more cases a combination of both public and private sector is necessary. A new Labour government will take a practical approach.

(Labour's Business Manifesto, 1997, p 9)

The plan indicated how a Labour government would re-energise the private finance initiative with a task force based in the Treasury, priorities being set and the process being driven forward at a pace. Key points of the plan promised that PFI deals would proceed without delay, that there would be more rigorous appraisal of potential PFI contractors, guidance on the tendering process would be given, there would be an urgent review of legislative frameworks to ensure public bodies had power to enter into contracts with the private sector and there would be a requirement for local government to involve small business in partnership deals where possible. The development of private sector involvement in public sector provision permeated government thinking, particularly with regard to the provider role of local government and this is considered in Chapter Three, p 53 – 81 of this dissertation. In its White Paper on Best Value, published in March 1998, (DETR 1998(a)) the government said, 'what matters is what works – the form of service delivery should not be determined by ideology. Both public and private sectors have important roles to play, often in partnership' (p 3) reflecting the fourth paragraph of Blair's introduction to the 1997 Labour Party manifesto:

New Labour is a party of ideas and ideals but not of outdated ideology. What counts is what works. The objectives are radical. The means will be modern.

(Blair, 1997 (b) p 1)

The fact that what works (Barber 2001) is, in itself an ideological position is overlooked. The implications of private sector growth in the state education system for the governance of education, and accountability to the citizen as well as the consumer, raise key questions about democracy and these are addressed in Chapter Five, p 128 – 156 of this dissertation, with reference to the public realm.

In his foreword to Turner's book (Just Capital – The Liberal Economy, 2002) Ralf Dahrendorf wrote that 'there is much to be said for the claim

that in recent years..... we have gone too far in reducing the public sphere in order to stimulate private initiative' (p 2) and goes on to comment that the 'political language of the third way seems exhausted', (p 5). The social role of the state is seen to remain vital and growing in importance because 'unless well managed (it) can fracture the social compact on which modern capitalism must be based', (p 5).

Turner (2002) asserts that 'globalisation plays a useful polemic purpose for many on the New Left' and 'provides a useful cover for the retreat from socialism' (p 40) – and this from a former Director General of the C.B.I. Quoting Gray (1999) who perceived the 'Washington consensus' of global free markets as a dangerous threat to welfare states and cultural diversity Turner (2002) argues that nation states possess choices in respect of the moderation of capitalism and the simplistic equation of there being no alternatives should not be adequate reason for rejecting the objectives of social inclusion which have been the aims of the European social model. As Gray, (1994) observed

The danger of the rhetoric of globalisation is that it reduces the scope of democratic political life to marginal adjustments in the management of market constitutions. It thereby closes the political process to questions about the contribution made by market institutions to the satisfaction of human needs.

(Gray, 1994 (a) p 16).

In a similar vein Stiglitz (2002) argued that the greatest challenge in response to globalisation lay in changing the mind sets of governments and institutions to accept their responsibility to exercise choices in the evolution of the social fabric; to ensure the centrality of social justice as an objective, and citizen empowerment beyond existing structures, to achieve it (p 227).

There are three research questions addressed in this dissertation:

Whether 'modernisation' is a coherent philosophy generating legislative and policy change within a values framework, which is capable of rational analysis.

Whether the developing role of the private sector necessitates the introduction of new systems of public accountability.

What emerging and new constructions of professional, evidence based practice, accountability and policy science may be required to ensure that education policy is, in reality, more accountable to the deliverer, recipient and citizen.

This thesis presents the research in five interlinked Chapters starting with an outline of the policy context within which modernisation is considered by an analysis of the Education Act, 2002 and earlier legislation, seeking to distinguish 'government' and 'governance' as key terms and concepts used in the thesis. In particular the concept of governance refers to the move from a rigid system of central control by government to the engagement of a range of stakeholders at community or locality level each exercising a range of powers.

The emergence of 'governance' and the importance of this concept was encapsulated by Rhodes, (1966).

Central government is no longer supreme. The political system is increasingly differentiated. We live in a 'centreless' society in the polycentric state characterised by multiple centres. In place of a single sovereign authority there is a multiplicity of actors specific to each policy area. (p 652)

The thesis moves on to outline the methodology adopted and sets out the key research questions, the research design and the reasons for the case study being on the record and not anonymised. In Chapters Three and Four of the thesis data collection is considered alongside the policy development of the Private Finance Initiative. The final Chapter of the thesis draws conclusions from the research, suggests future policy considerations and reflects upon the research process in terms of the outcomes of the work and the perceptions of the researcher.

CHAPTER ONE

The Education Act (2002) and Labour's 'Third Way'.

This Chapter examines the modernisation agenda by a reflective consideration of the Education Act, 2002 and its antecedents, as part of testing the assertion by Hall (2003) that, inter-alia, the Act represents further adjustment to accommodate Mrs Thatcher's project. The Education Act (2002) established a legislative framework, which enabled the proposals set out in the White Paper, 'Schools – Achieving Success' (DfES, 2001). The modernising agenda and 'Third Way' of New Labour has been criticised within the Labour Party by the traditional left wing socialist and Marxist groups as well as by former social democrats such as Hattersley and the ideological divide can be seen most clearly by those who subscribe to the pursuit of 'equality of outcome' or 'equality of opportunity', with the latter having the potential to create a more stratified and socially unequal society, (Hill, 2001). This can be seen in policy terms in the September 2001 White Paper, 'Schools Achieving Success' with the proposed expansion of specialist schools, the selection of pupils by 'aptitude' and additional funding for those pupils in specialist schools – strategies welcomed by the Daily Telegraph (6/9/2001) but criticised by others as 'a shameful step back to the 11 plus' and 'offers those rejected by the system only the stigma of institutional failure', (Jenkins, 2001), reducing issues of equality to 'little more than trickle down excellence' (Hill, 2001, p 7).

The Education Bill (2001) continued the legislative and policy programme followed by Labour between 1997 and 2001. It had as a central hypothesis the improvement potential of the self managing school operating within a centralised model of accountability. The government's aspirations for the legislation were clear:

It begins a new phase of educational reform: a phase of reform that starts from the belief that schools themselves have the capacity to lead change; renews our programme to raise standards and strengthens the teaching profession; and seeks to create a culture of collaboration between schools.

(Ashton, 2002, Col. 536)

The Conservatives highlighted and attacked the centralising powers contained in the Bill.

The Bill is a massive contradiction; it advocates an extension of autonomy and freedom but within a strait jacket of central power and prescription wielded by the Secretary of State. Without more detail no one can predict the impact of this Bill, containing, as it does, the mother of all Henry VIII powers.

(Blatch, 2002, col. 543)

This theme of central power, intervention and diversity being an integral part of the Bill was emphasised by Blair who commented that 'high minimum standards will be secured by stronger public accountability... and more effective intervention in weak and failing schools, including, where it will raise standards involvement of the voluntary and private sectors' (Times 5/9/2001). The role of the private sector and greater diversity are hallmarks of the Education Bill (2002) which envisaged a greater role for the private sector in both local authorities and schools together with an expanding use of the Private Finance Initiative to secure capital investment, and a two-tier system for schools and local education authorities, with earned and licensed autonomy giving linked institutional freedoms to expand and with relaxation from some aspects of legislation. These three issues were central to the Education Act (2002) and further promoted the twin accountabilities of the education service to the market and the state, an issue elaborated upon by Whitty (2000) and Ball (2001a) with Ball (2001a), describing New Labour's ensemble of policies' embracing:

The modelling of internal and external relations of schooling and public service provision more generally upon those of commercial, market institutions (p 47).

Taken together, the ensemble of policies produce, as Clarke (1994) suggested, 'new orientations, remodel existing relations of power and affect how and where social policy choices are made' (p 42).

In an earlier contribution to the debate on Labour's emerging education policy Hutton (2001) expressed the view that 'our educational system is about to be fragmented and its staff demoralised... the government will

reveal that, whatever it may say, it acts on the profound belief that the public sector is irredeemably bad. Only turning it over to the private sector offers any sustainable improvement'. (Observer 8/7/2001, p 30). Hutton's perception of the role of the private sector warrants consideration alongside the Labour government's pursuit of economic growth and social cohesion through what Sanderson (1999) described as a:

synthesis of public values and private dynamism, involving stakeholding, partnerships, social inclusion, improved education, modernisation and rewarded achievement. (p 8).

The 'Third Way', an international socio-political response to globalisation, (seen as distinct from liberal capitalism/free market beliefs and democratic socialism/demand management, state role beliefs) was the cultural core of Labour's philosophy in the period before and subsequent to, the 1997 general election. The 'Third Way' favoured economic growth, entrepreneurship and wealth creation as well as greater social justice, steering between and rejecting traditional definitions of socialism and neo-liberalism, a way of marrying together an 'open, competitive and successful economy with a just, decent and humane society' (Blair, 1997(a) p 14).

The Education Act (2002), in terms of marketisation and privatisation policies, reflected what was seen by Whitty and Gordon (1997) as part of an international development with trends towards greater diversity, flexibility and choice within an education system. Having considered post/neo fordism explanations Whitty (2001) considered the work of Neave (1988), in his accounting for the shift from the bureaucratic to the evaluative state, which entails a rationalisation and wholesale redistribution of functions between centre and periphery such that the centre maintains overall strategic control through fewer, but more precise policy levers contained in overall mission statements, the setting of system goals and the operationalisation of criteria relating to output quality.

A performative strategy, accompanied by a regeneration of the Third Way through radical new forms of the marketisation of public services was central to Blair's belief:

'We should be far more radical about the role of the state as regulator rather than provider.....

We should stimulate new entrants to the schools market.

We should be willing to experiment with new forms of co-payment in the public sector. (Blair 2003 p 4)

This chimes with the transforming role of the state seen as being 'to supply a framework of rules and regulations within which the free market, including crucially the labour market, would be self-regulating'. (Gray 1998, p26-27). How far, however, can the modernisation programme be said to be a policy continuum – not unique to New Labour but building incrementally on what had gone before?

Modernisation 1944 – 2004

Along with Ranson (1985) and Simon (1988), Ozga (2002 p 334) sets out three waves of modernisation post 1945. The first (1944 –1970) is seen as a period of consensus, with a prevailing belief in the 'human capital theory' (Simon 1988) which equated investment in education to increased productivity and economic growth. The framework of the 1944 Act, which had created a complex web of interdependent relationships among the manifold participants remained unchallenged, with strong leadership from central government on policy issues but broad agreement on process. Simon (1998) saw the oil crises of the mid 1970s, the swing against comprehensive education and the criticism of education from the right – (a series of Black Papers) – and the left (that education reinforced inequalities and perpetuated hierarchical structures) – culminating in the 1976 Ruskin speech by Callaghan, which gave credibility to the developing critique of education. This second post war phase, from the late 1970s saw the publication of the 1977 Green Paper 'Education in Schools' which reasserted central government's legitimate concern and responsibility for standards and the curriculum and the election, in 1979, of a Conservative government wedded to the ideology of the free market.

The 1980 Local Government Act, reflecting Thatcher's economic philosophy of seeking to reduce the frontiers of the state and increasing individual choice was followed by the Local Government Planning and Land (No 2) Act in 1980 which introduced a 'block grant' for local government and this indicated central governments shift in concern from the general to the particular, with local authorities judged by national

standards. The watershed Act, which moved from fiscal instruments of control to the establishment of a new philosophy of national education policy direction, was the 1988 Education Reform Act, which introduced a 'consumer orientated approach' to education and proposed the diminution of producer-domination of policy and implementation. The government was dominated by the view that markets and bureaucracies were in opposition to one another and that markets were the guarantor of a free society. The 1988 Act introduced arrangements for a National Curriculum together with pupil testing and school league tables; provision for schools to 'opt out' of local authorities; new arrangements for inspection and the funding of school budgets based on pupil numbers.

A third phase began with a newly elected Labour Government which had campaigned on a platform of the centrality of education to their vision for the country. The framework which they inherited other than nursery vouchers, was broadly accepted and the challenge for LEAs was seen as both delivering higher performance and greater value for money. The government maintained a 'revised view of LEAs, 'agnostic' about their future, concerned more with outcomes and less with means'. (Lodge, 2000, p 5). There was, however, a clear determination to address the revitalisation of local government by a programme of modernisation with local government's *raison d'être* being viewed as the engine of modernisation and innovation (Blair 1998(d)). The education 'legacy' was a formidable challenge for the new Labour government, and it had been argued that 'we are not well equipped and it is time for a national crusade to raise achievement all round' (Holland, 1996, p 2).

In 1997 the government embarked upon a 'crusade' with their vision set out in 'Excellence in Schools', published 67 days after their election victory, and declaring that it was the government's wish to 'change attitudes towards education and foster a realisation that education matters to everyone' (DFEE, 1997:3) and predicting that by 2002 'there will be a greater awareness across society of the importance of education and increased expectations of what can be achieved,' (DFEE, 1997:14).

The machinery of the DfEE was marshalled to spearhead the standards agenda and specific targets were set for pupil attainment in literacy and

numeracy at the end of Key Stage 2. The Prime Minister, in a speech to the IPPR (described by The Times as the 'carrot and semtex' approach to local government) sketched out his vision of the crusade for change, a crusade which was necessary because the 'government was elected with a bold mandate to modernise Britain'. (Blair, 1998 (d), p 1).

He highlighted four themes which included a radical overhaul of the processes of local government; new disciplines to ensure standards in public life; new powers to work in partnership and greater discretion over finance all of which should lead to new strategies to secure a local democratic legitimacy.

The modernising agenda for local government was non-negotiable, relied upon the introduction of a best value regime, new partnerships with the private and voluntary sectors as service providers and, in the absence of an acceptance of this challenge a threat 'if you are unwilling or unable to work to the modern agenda then the government will have to look to other partners to take on your role'. (Blair, 1998, (d) p 22).

The IPPR speech was clear in intent – no obstacles at local or central government levels would be allowed to stand in the way of achieving the government's objectives, the strategy was 'top down'.

The Secretary of State was not immune from the drive for reform: his task now was 'not to tinker in Whitehall, but, leading a newly activist and interventionist Department to promote successful change in every classroom in the country' (Barber, 1996b p 30). One of the Labour Government's first executive actions was to sign the Council of Europe's Charter of Local Self-Government which provided basic safeguards for protecting the role of local government in state systems. The Prime Minister's view was that local government was to be 'modernised, reinvigorated, reborn and energised' (Blair, 1997 (a)).

To begin the change process six Green Papers were issued in 1998 containing proposals for modernising and renewing local government and dealing with three broad themes, political, managerial and financial change. The role of local Councillors was seen as one of 'community leadership', with a re-structured local Council, establishing a 'Cabinet' system and a scrutiny function to challenge the executive. The processes of local

government had to become more efficient, transparent and accountable. On the financial front universal budget capping was to be abolished and compulsory competitive tendering replaced by a process of 'Best Value', designed to instil a quality service in considering where provision should be secured from. The Government viewed 'Best Value' as a major component of the required improvement in local accountability:

Best value will be a duty to deliver services to clear standards – covering both cost and quality – by the most effective, economic and efficient means available.

(Modernising Local Government: DETR, 1998 p 64)

Best Value could be viewed as a negotiated concept, within a framework of target setting, the publication of an annual performance plan and the inspection of local Best Value strategies within an increasingly demanding central government focus on performativity (Byrne, 2000). This new governance was implied in a speech by the Secretary of State when he challenged local government at the North of England Conference in Wigan:

Over the next year, I will challenge Education Authorities to look at what tomorrow's education service should look like – bearing in mind that if there is not a local and accountable service, we will have to invent one.

(Blunkett, January 2000, p 4)

This 'third phase', New Labour's modernisation agenda, sought to distinguish itself from the Conservative's phase two by the pursuit of 'global economic success with a measure of social justice' (Ferguson, 2000 p 206) and, 'implies a re-imagining of politics... not confined to system redesign' which can only be 'understood by a scrutiny of its guiding ideas, which are derived from social capital theory'. (Ozga, 2002, p 333)

If 'social capital' is created by networks of 'civil engagement', which inhabit the space between the state and the market it necessarily acts as the link connecting new and emergent forms of governance, capable of demonstrating the deficits of existing democratic structures. It is in this governance revolution that New Labour, 'seamlessly connects (to) Thatcherism', (Hall 2003, p 3).

The concept of 'entrepreneurial governance,' seen to embrace

marketisation in every sphere of government is seen as being the essential core of the true meaning of modernisation, and that:

New Labour has adapted the fundamental neo-liberal programme to suit its conditions of governance –that of a social democratic government trying to govern in a neo-liberal direction while maintaining its traditional working class and public sector middle class support. New Labour has a long term strategy, a ‘project’; the transformation of social democracy into a particular variant of free market neo-liberalism. (Hall, 2003, p 2)

One of the building blocks which have enabled a situation within which marketisation in education is seen as the ‘new common sense’ (Hall, 2003) and reflects policy adaption is performance management.

Policy Continuity 1986 – 2004 – Accountability via Performance Management

The measures set out in the White Paper, ‘Schools Achieving Success’ (2001) and the provisions of the Education Act (2002) can be said to fulfil the central thrust of the 1988 Education Reform Act which sought to introduce a consumer-orientated approach to education and the diminution of perceived producer domination of education policy and its implementation. The 1988 Act was, in part, a recognition of the political imperative to move education, and schools in particular, into an open market, and reflected policies espoused by the ‘No Turning Back’ group of MPs, (1986), the Hillgate Group, (1986) and the Institute of Economic Affairs, (Sexton, 1987), responding to the challenge of globalisation and, as they saw it, the need to inject competition as a driver of economic response.

The deregulatory measures and diversity proposals in the White Paper (2001) and the Education Act (2002) take to maturity the concept of the self-managing school having to raise standards because of market pressure:

If the system were changed to one of self-governing, self-managing budget centres, which were obliged for their survival to respond to the market, then there would be an

inbuilt mechanism to raise standards and change forms and types of education in accordance with the market demand.

(Sexton, 1987, p 6).

The creation of 'quasi-markets' in education services from 1988 to 1997 stemmed from a combination of devolving responsibilities to the rim of the system whilst strengthening the hub, a construct suggested by Baker, then Secretary of State. Whitty (2000) quotes McKenzie (1993) who argued that central government had 'actually increased their claims to knowledge and authority over the education system whilst promoting a theoretical and superficial movement towards consumer sovereignty'. (p 17). The degree of change, from collectivism to individualism, from a focus on outcome to a focus on opportunity – features which were to be reflected later in third way modernising strategies, were reflected upon by Maden (1988) who quotes MacLure in contrasting the intentions of the 1988 Education Act with the 1944 Education Act when he suggested that,

Where he (Butler) saw the object of educational reform as the creation of social harmony and social cohesion, the enterprise culture would substitute aims of self-reliance, competition and wealth creation. It would reward effort and punish idleness'. (p 66).

This theme was elaborated by Ball (2001a) who argued that the New Labour government was attempting to create a model of schooling which was essentially fordist and micro managed in order to achieve economic policy via education and promoted as a key element in the 'policy panopticon' the use of highly prescriptive systems of accountability. Within this model performance management, in the fullest sense of the term, holds institutions and professionals to account to an externally shaped outcomes agenda. For teachers the introduction of an externally imposed agenda confirmed new professionalism as a government expectation, lacking generation within the teaching profession and losing the potential impact upon teacher culture such internal professional ownership would carry. Thompson in 'The Performing School', (Ed Gleeson/Husbands 2001) quotes Rodger, (1995) in support of the view that no definition of professionalism is 'likely to be internalised in that profession's own consciousness of itself, unless it corresponds to the profession's own

deepest intuitions of the service it has to offer and the values which are consonant with that service.’ (p 46/47).

For teachers and other professionals in schools the strategies of target setting within a framework of an ‘increasingly promiscuous accountability’ (Fielding, 1999 p 277) are outward manifestations of the ‘social entrepreneurship’ aspirational third way process to secure cultural adaption, signalling a ‘shift to a business narrative based on doing what works’, (Gleeson and Gunter, p 146) the necessary monitoring of which has created a strengthened regulatory regime. This, in turn, has weakened the professional voice and allowed the volume of the ‘few’ to overwhelm the many, with inspection as the top down tool of suppression.

This aspect of performativity has been a critical tool of modernisation in practice.

Performativity – Inspection

Since the introduction of OfSTED in 1992 and allied inspectorates the growth of inspection of public services in England has been significant and what has changed is how many inspectorates there are, how many organisations are inspected, how often they are inspected, and how much all of this costs and for what gain. The increase in inspection can be linked to an increase in ‘performativity’ in the public sector, defined as:

A technology, a culture and mode of regulation that employs judgements, comparisons and displays as means of control, attrition and change. The performances (of individual subjects or organisations) serve as measures of productivity or output, or displays of ‘quality’, or ‘moments’ of promotion or inspection. As such they stand for, encapsulate or represent the worth, quality or value of an individual or organisation within a field of judgement.

The issue of who controls the field of judgement is crucial. (Ball 2001c, p 210)

Since New Labour’s election victory in 1997 inspection costs have more than doubled, from £250 million in 1997 to over £550 million in 2002/03. OfSTED has seen large increases in its spending, mainly due to its remit expanding to include inspections of funded nursery education (1996), LEAs (1997), Further Education (1999/2000), Connexions (2000) and Childcare

for under 8's (2000) as the performative agenda grew. The link between service improvement and the growth in inspection is tenuous. The Government continues to argue however that:

Inspection has a key role to play in the public service reform agenda, having the potential to report on comparative performance, information in the local and national context and on qualitative aspects of delivery that matter to customers.

(Inspecting for Improvement: developing a customer focused approach
Office of Public Services Reform, 2003 p 11)

Whilst the growth in inspectorates is beginning to be questioned by politicians (see for instance the *Role of External review in Improving Performance*, report for the Public Services Productivity Panel Dec 2001, or *The work of OfSTED in 2003/04*, Select Committee on Education and Skills Sixth Report session 2003/04), they, the inspectorates, continue to act as the main body for holding the public sector accountable to the state. Accompanying increasing centralisation and the principle of performativity is a government focus on choice. Choice is one of New Labour's four principles of public sector reform and is seen as an effective instrument for promoting quality, responsiveness, efficiency and equity in public services. For choice to be an effective mechanism for improving services it is argued that there must be:

Information – users must be provided with the information and advice to enable them to make their choice.

Consequences – choice provides powerful feedback on the quality of services and in some cases this will be incentive enough to change and improve services.

Alternatives – alternative providers must be available

Entrance and exit – need to be ways of dealing with failing providers and encouraging new providers to emerge

(Public Administration Select Committee, 2005 p 2)

These conditions can be seen as a justification for inspection, the first in particular, whilst the latter two are often invoked as a result of particularly poor inspections, for instance the privatisation of Leeds and Islington LEAs. Cynically inspection could thus be seen as a means of bringing the market

into the public sector, with poor inspection reports 'justifying' intervention by private sector organisations despite them having no track record of being able to perform any better. Increasingly the remit of inspectorates is changing, from a compliance/value for money model to one where they must generate improvement in outcomes of the service being inspected. Inspectorates themselves are also being asked to prove their own value for money and make efficiency savings. Within a performative culture school inspection, even with a greater focus on self-evaluation will continue to mean that 'measurable criteria is put forward so we make the measurable important instead of making the important measurable. What follows is frustration and alienation on the part of teachers and pupils.' (Linde, 2001 p 2)

Corry and Martin (2005) raise the issue of accountability in respect of 'Inspectorates', and reflect upon the need for democratic input into their activities and public reporting, with service delivery standards being modified within the mosaic of multi-level governance. 'Community' scrutiny implies the growth of horizontal accountability as possibly being more reflective of a citizen's life and experience and requiring new inspectorial inputs more adjusted to a local template. The development of scrutiny arrangements around, for example, PSA 2 initiatives, coupled with the emergence of local area agreements could begin to instil momentum into the community accountability assessments of the local environment and reinforce the role of elected representatives.

Fielding (2001a) questioned whether OfSTED was the product of a democratic society and asked:

given the change in government from right wing Conservative to an avowedly centre left Labour since OfSTED was first introduced, is there any evidence that different models of democracy have left recognisably different strata within the archaeological sites of accountability (p 698).

The conclusion arrived at is 'apparently not' and in distinguishing between 'accountability' and 'responsibility' Fielding (2001a) suggests that OfSTED fails to gain a foothold on the ladder of participatory democracy and concludes:

Underlying these failings is not so much a failure of consistency or intention – OfSTED is eminently consistent with the demands of international capitalism and the frameworks of performativity (see Gleeson and Husbands, 2001) which guide its intellectual and practical expression (p 702).

Fielding (2001a p 705) suggests a need to counter the trend towards the 'evaluative state' (Elliott, 2001a) and reshape the arguments for a democratic state, with attention focused on the 'corrosive' consequences of 'the separation of means from ends in the policy making process' (Elliott, 2001b). In setting outcomes the processes for achievement must embody values and relations and the concern is, that:

the more successful the evaluating state becomes in regulating public service provision to achieve its targets the more it will generate outcomes that undermine the public realm and the social value embedded in it. (Elliott, 2001b in Fielding, M, 2001 (a), p 705).

In promoting the case for the revival of local democracy there is a need to move beyond performative accountability and into communal individual, professional and consumer responsibilities – focussing on community good and stemming from within rather than without, (Ranson, 1993, 2000). The Joseph Rowntree Foundation in its evidence to the Commission on Local Governance in March 2002 suggested that at the local level of a Council 'there should be an acceptance that accountability is primarily to the local tax payer and more local control over how money is spent rather than raised'. (p 5).

Ranson (2003) argues that 'accountability is a multi layered concept whose meanings need unravelling' and suggests that 'to be accountable can reveal very different social relationships, of regulation as against deliberation, and relations that express different evaluative practices and criteria which embody divergent modes of securing trust in the public sphere', (p 460). The conventional definition of 'accountable' is to be 'held to account' and is best described as an evaluative performance report placing accountability within the tiered processes of bureaucracy. If the phrase 'giving an account' is adopted then performance is accounted for by narrative, which has a sense of time, reason and explanation. Quoting

Giddens (1984) – ‘to be accountable for one’s activities is both to explicate the reasons for them and to supply the normative grounds whereby they may be justified’, Ranson (2003, p 461) suggests that when accountability is grounded in commentary of meaning and value resulting conflicts of purpose can be avoided by the mutual acceptance by all involved about institutional purpose and practice – confirming as he sees it ‘Durkheim’s (1957:91) conception of dialogue between governors and the governed as the best means of democratic accountability.

Thus ‘to be held to account’ implies a process which limits professional expression (Husbands and Gleeson 2001), whereas ‘giving an account’, with an implied professional discretion, carries with it developmental potential and unity of purpose.

The concept of vertical and horizontal accountability applies in the provision of public education services to both market accountability and political accountability. Market accountability is driven by the business need to survive by securing and delivering service contracts to the satisfaction of the commissioner. This carries an accountability to the customer and a need to demonstrate an ability to respond when required to changing circumstances and, in addition, a secondary accountability through effective financial management which demonstrates a robust process for service delivery. The latter accountability of efficient financial management has been a driver for the privatisation of public services, based upon perceptions of a cheaper and more effective set of processes than in the public sector. The political framework of accountability relies upon the democratic process, within which those who are accountable render an account to the citizen, who has given a permissive authority to act to those elected or appointed within the public realm. (Ball, et al, 1997)

There are potential conflicts between the market and political accountabilities and these are driven to some degree by the value systems underpinning each driver. On the one hand a drive for improvements in efficiency, effectiveness and responsiveness to the consumer in a market model which relegates social justice to the sidelines and ignores the class politics of education. On the other the

need to consider collective expressions of public interest within the context of an individualised system and the consideration of output measures, which are localised, qualitative and bespoke.

The provision of a service carries a set of norms and purposes which determine the processes deployed and are value based. The need for a service should include considerations of social justice, which then raise the issues of accountability and relationships to the commissioner, the consumer and the citizen. The 'modernising' policies of the last twenty years have seen, in education policy, the implicit values in the 1944 Act being abandoned with the passing of the 1988 and 2002 Education Acts, and a new ideology promoted:

Education's traditional liberal humanistic values have been derided and abandoned by the New Right and replaced by a totalising and unreflexive business oriented ideology expressed through a discourse based on markets, targets, audits, quality performance and human resource management. (Esland, 1996, p 20).

The privatisation policies of Labour and the emergence of private public partnerships in response to globalisation has been described as leading to:

'new markets which disaggregate public sector services and reintegrate them into the market as a series of commodities. In these frontier markets the boundaries between the public and private sectors are being redefined and public need is subordinated to the governing principle of exchange value'. (Rutherford, 2004, p 2)

This drives further towards a liberal state where opportunity and choice by individuals, economic efficiency in the market place and citizenship, being akin to consumerism, reign supreme. The emerging organisational cultures, performativity dominated, are seen by Elliot (2001a p 203) as an 'integral part of the neo-liberal project of re-engineering society as a free market for goods and services', stemming from a societal context which has a global context and separates the economic value of educational outcomes from the community, personal and broader social needs they serve.

This aspect of the model of performance management, in professional terms, was seen as challenging by Gleeson and Husbands (2001), who reflected that:

To secure control of performance management requires policy practice initiatives that ensure that learning and human agency drives policy this will involve giving greater democratic voice to professionals and community, in anticipation that both government and professional are up to the challenge. (p 228/229).

The emergence of a dual accountability, through the market and the state with the diminution of the professional voice and influence is seen by Whitty (2000) to be demonstrated by the legislative programme pursued by the neo-liberals. This 'twin' accountability created sets of emergent quasi markets in education, introduced consumerism and the climate within which 'producers' competed. The inter connectivity between globalisation and the economizing agenda, the reconfiguration of global capital requiring nation state responses by way of, inter alia, systemic redesign of education strategy and supply found response in England by the vigorous injection of market policies into the education sphere.

Ball (2001a) perceived the education reform package to consist of three connected policy technologies – the market, managerialism and performativity. The new culture of competitive performativity, with targets, incentives and a degree of autonomy designed to enable institutional redesign leads to a position where survival in the educational market place becomes the common purpose. Managerialism is deployed to promote the culture of accountability and the institutional tools of appraisal, review, performance related pay whilst enabling individualisation actually demands adherence to the organisational culture.

This radical change agenda is expressed in part in the following framework of accountabilities (Whitty, 2000 p 2) which set the context for the neo-liberal Thatcher/Major agenda for education; seeing social inequality as a product of individual action in the exercise of choice and education reaffirmed for its contribution to economic as opposed to individual growth.

Table 1

Accountability through the 'Market'

Assisted Places Scheme, 1980 Education Act
 Reformed Governing Bodies, 1986 Education Act
 City Technology Colleges (CTCs), 1988 Education Reform Act
 Grant Maintained Schools, 1988 Education Reform Act
 Local Management of Schools, (LMS), 1988 Education Reform Act
 Open Enrolment, 1980 Education Act and 1988 Education Reform Act
 Specialist Schools, 1993 Education Act
 New Grammar Schools, Proposed in 1996 White Paper

(Whitty, 2000, p 2)

The connecting thread for these policy measures (Tables 1 and 2) is the 'diversity and choice continuum', liberating individual consumer choice whilst at the same time enforcing institutional accountability to central government by regulatory and market strategies.

Table 2

Accountability through the State

- National Curriculum, 1988 Education Reform Act
- National Curriculum Council, 1988 Education Reform Act
- National Assessment, 1988 Education Reform Act
- School Examinations and Assessment Council, 1988 Education Reform Act
- Officer for Standards in Education (OFSTED), 1992 Education Act
- School Curriculum and Assessment Authority, 1993 Education Act
- Funding Agency for Schools, 1993 Education Act
- Teacher Training Agency, 1994 Education Act
- Qualifications and Curriculum Agency, 1997

(Whitty, 2000 p 2)

The election of a Labour government in 1997, which sought to 'link its traditional concern with equality with a new recognition of diversity' (Barber, 1997 p 175), saw the emergence of the 'Third Way,' as a pragmatic strategy, built around the basis of what works, a self-contained ideology combining market demand and principles of social justice. Ball (2001) reinforces the views expressed by Crump (1998), David (1998) and Whitty (1998) that, despite the policy programmes of New Labour, a scrutiny of

the 'continuities' between Conservative and Labour indicates building policy on inherited foundations. As Blair stated in Labour's 1997 Manifesto, 'some things the Conservatives got right. We will not change them'. (p 3) The new Labour rhetoric was that of 'partnership' but the reality was business as usual, with an increasingly tight regime of targets, value for money and performance management.

As Barber (1996b) reflected:

As central government's power over macro-economic policy has waned, so its power to control education has grown dramatically. Here, after all, is a policy area where national politicians now control all the crucial policy levers; the extent and distribution of funding; accountability; inspection; the curriculum, the assessment and qualifications framework, the training and development of teachers (p 10).

His prescription for an incoming Labour government was the establishment of performance targets and a demand for increased accountability in exchange for greater investment in the education system; the release of untapped potential in private – public sector partnership and no change in the power of the state to control but the culturing of collaboration and trust within the system. The reality was an emphasis upon standards, the skills deficit and an adherence to the fiscal policy inherited from the Conservatives. The new political culture involved 'market liberalism' marching in step with 'social progressiveness', (Giddens, 1998). The latter could be seen in the establishment of Education Action Zones, Neighbourhood Renewal Strategies and the resource targeting to inner city areas. The pursuit of 'equality' operated, however, within an environment that emphasized rather than diminished, the differences between schools and their competitive ranking, compounding the inequalities.

Whitty (2000) listed what he perceived as the performance management drivers:

Table 3

-	Reduction of class sizes in KS1
-	Extension of Specialist Schools policy
-	Community, Voluntary and Foundation Schools
-	Standards and Effectiveness, especially in literacy and numeracy
-	Revised National Curriculum to include Citizenship
-	Education Action Zones/Excellence in Cities
-	Performance Management/Performance-Related Pay
-	General Teaching Council

(Whitty, 2000 p 3)

What should accompany this table is a parallel schedule of legislative and policy measures that have weakened the coherence of educational planning at a local level by an increase in direct accountability to the State or via appointed bodies with a consequent growth of the democratic deficit and the further weakening of local government's responsibilities, such as:

Table 4

The Learning & Skills Council	Academies
The Connexions Service	GM – Foundation Schools
The growth in specific grants	Government privatisation and Social
The Early Years Partnerships	Funding, New deal, Education Action Zones
New models of provision	Building Schools for the Future
The Admissions Forum	OFSTED/CPA/Intervention
The Schools Organisation Committee	CCT, Best Value, Brokerage
The Schools' Forum	Student Finance
Funding Agency for Schools	

The majority of bodies in table 4 reflect the growth of the 'new magistracy' – the appointed as opposed to the elected, a trend inherited and expanded by New Labour without the merest policy discontinuity from that pursued by their predecessors.

The Growth of the 'appointed state' – Managerialism in Action.

The growth of direct accountability to the relevant Secretary of State for the provision of public services, described as the 'patronage state', (Skelcher, 1998) had, by 1995, led to six and a half thousand executive and advisory quangos, with 76,000 individual appointments, responsible for an annual expenditure of £60 billion by 1996 (Hall and Weir 1996), a growth of 50% from the 1978-9 position, creating what was described as a 'chain of managerial regulation extending from the state to local institution to local practitioner'. (Esland, 1996 p 31)

Esland (1996) points to the paradox inherent within the new managerialism and contrasts the post Fordist vision (co-operation, teamwork, lifelong learning) with the Fordist reality of labour relations expressed in legislation from 1979 to 1997, with, as he states 'significant elements of neo Taylorism as the defining feature of the new managerial culture' (p 33). The direction and delivery of public education and training in England has moved, in large measure, from the locally elected to the appointed sector and the bypassing of local government by, inter alia, the measures set out in Table 4 which have enabled a significant growth in central ideological control. Increasingly funding streams and salaries are fashioned, and used, to reward ideological compliance to the prevailing performative climate. Ball (2001a) suggests a 'paradigm convergence' of education and social welfare policies in response to globalisation, with the emergence of underlying principles, mechanisms and outcomes for both governance structures, institutions, and individuals, in terms of access and opportunity, in nation states with differing 'political and social welfare strategies' (p 48). The 'New Labour' strategy of developing a model of education which is Fordist and micro-managed can be seen as having a 'paradigmatic similarity to policies in other developed nations', (Ball, 2001a p 54) and places 'New Labour' within the emerging international orthodoxy as a leader and promoter of liberal economics.

The desire to achieve micro management through the apparatus established by the State reflects the view that in terms of securing ideological compliance:

The creation of non-elected single purpose agencies has allowed central government to maintain constraints on local authority spending while at the same time channelling increased resources through organisations more in tune with government policy, (Shaw, 1993 p 182).

This can be exemplified by the establishment of the Learning & Skills Council in April 2001, responsible for all post 16 education and training and a budget of £5.5 billion. A new funding formula for post 16 school based education and training was introduced in the financial year 2002/03, producing significant shifts in institutional allocations and in some cases

forcing local government to cut the 11-15 age weighted pupil unit. This policy initiative was implemented without a debate at the level of the local Learning & Skills Council Board about the effects and impact of the application of the policy at local level and secured, at a stroke, nationally funded, formula based, outcome focussed strategy, removing local discretion and institutional autonomy.

The growth of the appointed state (quangocracy) and the privatised (outsourced contracts) state has clearly removed functions from local government with appointed bodies directly accountable to, and only responsible ultimately, to the Secretary of State. All of the functional separations, in terms of the loss of the democratic voice coupled with the performance agenda contribute to the growth of quasi market driven strategies and have considerable implications for the strategic, operational and accountability framework of the governance of public sector education. This development of a dual accountability to the market and the state is seen by Whitty to 'reflect a broader tendency for liberal democracies to develop along the lines of what Gamble (1988) called the 'strong state' and the 'free economy' with the extension of the free economy into education and welfare provision (Whitty 2000 p 4), in response to the 'new orthodoxy' identified by Carter and O'Neil (1995) and supported by Levin (1998:131). Five main elements of this new orthodoxy are seen to be the improving of national economics by tightening a connection between schooling, employment, productivity and trade; the enhancing of student outcomes in employment related skills and competences; the securing of more direct control over curriculum content and assessment, together with reducing the costs to government of education and, at the same time increasing community input to education by more direct involvement in school decision making and pressure of market choice, (Ball, 2001a).

At the heart of the dual accountability is a belief and trust in one sector, the private and mistrust of the other, the public, exemplified by the increasingly regulated public sector and the virtual absence of regulation for private capital operating in the public domain. From open, published trading accounts and associated codes of statutory conduct in one domain, the

public, there are closed, unpublished and limited information sets operating outside of an other than minimalist regulatory environment, the private. It is in the Education Act (2002) and the White Paper, 'Schools Achieving Success' (2001) that the New Labour intention of deepening the engagement of the private sector in public sector education can be uncovered.

The White Paper 'Schools Achieving Success (2001) and the Private Sector

To make sense of the Education Act (2002) the White Paper 'Schools Achieving Success' (2001) needs to be considered in parallel with the related six consultation papers issued in September 2001. The White paper set out an intent to celebrate the achievements of the previous four years and the fact that Ministers believed that external providers had a key role to fulfil is evident throughout the document, as the summary states:

We believe that allowing new partners to work with schools can raise standards further by stimulating new thinking, particularly in tackling some of the most intractable, unresolved problems. We want to make it possible for schools to establish new partnerships with public, private and voluntary sector bodies, which could, for example, provide strong management support.

We will keep appropriate safeguards and clear lines of accountability in place.

White Paper 'Schools Achieving Success' (2001) DfES (Para 5.22 p 43)

This summary implied significant deregulation of the local authority and school system, coupled with unspecified safeguards and new accountabilities which were not set out and which were to be dealt with, subject to the passage of the Bill, in post legislative regulation following consultation but by passing Parliamentary scrutiny. A central theme, providing an insight into the philosophy being promoted can be found in the chapter of the White Paper dealing with 'Excellence, Innovation and Diversity' which insists:

New providers can benefit pupils by bringing fresh ideas and perspectives and particular skills and expertise to schools. Similarly, the stimulus and competitive pressure that new entrants can bring to

the sector can have the benefit of driving up performance more widely.

White Paper 'Schools Achieving Success' (2001) DfES (Para 5.22 p 43)

The key terms 'competitive pressure' and 'new entrants' signalled a clear desire on the part of Ministers to see the further development of markets for education services with price pressure representing the bottom line.

The potential extent of deregulation, intended to 'free up schools' was extensive and the wide ranging practical consequences of the extent of deregulation implied were not addressed, and in particular, the issues of governance and accountabilities within a pluralist system were assumed, but subsidiary to the perceived performance outcomes, notwithstanding their impacts on institutional and individual practice. The focus was on a continued managerialism and success driven expansion – a licensed autonomy for teachers who succeed in crossing performance thresholds and an ability for schools deemed successful on output measures to expand, at the expense of neighbouring institutions. The continued pattern of marketisation is clearly implied with unit costs, particularly in the 14-19 phase of education, becoming more visible and comparable when a range of placements for students is enabled.

The new orthodoxy could be said to respond directly to the challenge set out fourteen years earlier at the annual conference of the Conservative Party:

the smug complacency of too many educationalists has left our national educational performance limping behind that of our industrial competitors (Baker, 1987, p 2)

In October 2000 a New Labour government policy paper 'The Role of the Local Education Authority in School Education' was published, and, reinforced the focus on the need to expand the diversity of providers, particularly the private sector within the education service.

The concept of the autonomous school and the ability to operate more freely as a business was reinforced in the policy paper with Schools being seen as the key unit of delivery, responsible for their own performance, conduct and discipline, building repair and maintenance and employment

related issues. The LEA role is described as covering special educational needs, access, school improvement and strategic management. In considering the more effective discharge of the LEA functions the policy paper set out three specific proposals for local action and suggested that local education authorities should encourage a more open market for school services, explore the sharing of school improvement responsibilities with groups of schools and develop service delivery partnerships with the voluntary and private sectors. The paper also indicated that central government would develop national standards and competencies for those involved in school improvement services and that accreditation would be required for such individuals. Clearly this licensing of local inspectors or advisers could create a market for the provision of advisory services with central government or a contracted provider acting as the regulator. The policy paper trailed the further delegation of £1 billion of expenditure from local government to schools with an emphasis on the expansion of the number of service providers and the need to enable schools to exercise real choice in purchasing decisions.

One key section underlines the drive to market expansion.

A number of external providers, from the public, private and voluntary sectors, have entered the market, but far more are needed to enable even the majority of schools to exercise a genuine choice. The Government will continue to look to all Authorities to operate their traded services openly and at full cost, and to help those schools who need it become better purchasers. It will improve the transparency of reporting on expenditure by Authorities, and supplement that by publishing guidance for schools this autumn on effective purchasing. This should encourage more external providers to enter the market.

'The Role of the Local Education Authority. DfES (2000) (Para 23. p 13)

What is clear from the policy paper is the determination on the part of government to secure competitive, market driven expansion of service provision to schools, either singly or in groups. The market is perceived as the improvement mechanism, the public sector the arena for mediocrity, cushioned from the disciplines of the market. Again, from an earlier age of

Conservative government a Treasury note of guidance on 'Selling Government Services into Wider Markets' (1992) stated:

The Government's policy is to restrict the size of the public sector and in general the presumption is that services should, wherever possible, be provided by the private sector rather than the public sector, with the public sector buying in the services as necessary. The fact that a public body can provide a service as well and as cheaply as any outside supplier is not in itself a reason for extending public sector activity. (Maden 1998, p 65)

Given the presumption in favour of the private sector what of the Local Education Authority, local democracy and the future?

Local Education Authorities and the Education Act (2002)

The Prime Minister's view that local government was to be 'modernised, reinvigorated, reborn and energised' (Blair, 1997a) could not rationally be applied to the education function of local government given the legislative and policy actions taken since the election of a New Labour Government in 1997. Barber (1996b) had earlier suggested a managerial strategy for LEAs – discounting totally the democratic accountability at local level argument entirely:

The next government will face the choice of either taking education out of local authority hands altogether or unlocking their creativity. The argument for the former would be that a national funding formula would be fairer and that schools have sufficient experience of self-government now to go it alone, supported perhaps by ten regional outposts of the DfES which could be based at the already established Regional Government Offices. (p 30).

Barber went on to suggest a sharper inspection regime for LEA's with the survival of an education function in local government entirely dependent upon its contribution to the standards and improvement agenda:

Any new lease of life for LEAs is conditional on their demonstrating their success in promoting improvement.

Continuous improvement, in other words, is more important than the continued existence of LEAs. If they continue to prove their worth so be it: if not, other solutions should be sought. (p 31).

The implication that central government's agenda should reinforce the quasi-market reforms, indeed strengthen the measures derived from micro-economic theory from the early 1980's to the mid 1990's could not be more stark. In particular the clearest indication of managerialism can be established by comparing the Education Act (2002) with the Local Government White Paper 'Strong Local Leadership, Quality Public Services' published on 11th December 2001 (DETR, 2001). Such a comparison reveals on a wider front has been suggested about Labour's education strategy that it appeared to be adrift 'in a turbulent sea of confused philosophies and values' (Fielding, 2001) with competing Departments of State, locked into their own agenda. Whilst the New Labour government's national education strategy is close to the neo-liberal tradition the strategy from the Department of the Environment reflected what could be considered a third way signpost, with strategies to develop localised and bespoke cultivation of social capital and community building initiatives (DETR White Paper (2001) see p 41 of this dissertation). For education a third way is difficult to detect. In action the government gives credence to the perceived 'fundamental hollowness' of the third way, as described in The Economist (Goldilocks Politics, The Economist, December 1998) 'when trying to give an exact meaning to this philosophy is like wrestling with an inflatable man. If you get a grip on one limb, all the hot air rushes to the other'. (p 74). The Education Bill 2001 was described as 'intending to transform secondary education, achieve the goals of the White Paper and constituting a major reform of the education system' (Summary Booklet, 1.1, 1.2, 1.3). The same booklet described the Bill under three broad headings, 'Innovation and Partnership', 'Deregulation' and 'Reform'. The Committee Stage of the Bill's passage started on 11th December with a deadline for completion of this stage by 24th January, consideration by the House of Lords before Easter and enactment by mid-July 2002. The Socialist Education Association said that the Bill 'confirmed their worst fears' about the Government's intentions, arguing that:

Little attention has been paid to the feedback on the White Paper and the Bill is now going to be rushed through the House of

Commons. The Bill confers wide-ranging powers on the Secretary of State, thereby diminishing the power of LEA's. These are unprecedented powers, which give her the ability to waive or vary any statutory requirement in any school she chooses. (Education Journal, Issue 58, p 8)

The Bill had four centralising provisions that restricted local flexibility of response to particular circumstances and needs in that it would remove a number of significant powers from local government, including powers in relation to planning new schools, restructuring sixth forms, the exclusion of children and the provision of advice on head teacher appointments.

Secondly it would significantly increase the powers available to the Secretary of State, including powers on matters that it could be argued should be determined locally such as the membership of school governing bodies and the determination of the information governing bodies and heads give to their local council. Thirdly it would introduce new consent regimes, requiring a council to secure the Secretary of State's consent before it could act, in relation to, for example, school innovation and land disposal, and fourthly it would implement a reserve power enabling the Secretary of State to ring fence education resources and thus override the authority of local Councils to make decisions about the resourcing of local priorities within the public realm.

The centralising nature of the Education Act (2002) weakened the role of an elected local authority, further diminished constitutional aspects of local governance and consolidated the strong state/free economy described earlier. There are some aspects of the Education Act (2002) which merit particular comment; planning new schools, intervention and financial changes. The Act paved the way for the City Academies programme to expand, enabling private, voluntary and faith groups to establish new schools whose running costs are met by the State. This can include consideration of City Academies being developed through the private finance initiative route.

Academies are publicly funded but established as a company, limited by guarantee, hence independent and self-serving. They can be wholly owned

and operated by the private sector, can agree levels of pay and institutional conditions of service for staff and select ten per cent of pupils by aptitude. It can be argued that the social stratification of school provision by the 'choice' legislation and family mobility, together with the expansion of specialist schools with powers to select enables individual and institutional choice to compound inequality and widen the class divide and that this is central to the reality of the 'Third Way' as much as it is the antithesis of the rhetoric of social justice contained in 'Third Way' voices.

The provision of new maintained schools is also changed as a result of the 2002 Education Act. In process terms the LEA identifies the need for a new school, which has then to be verified by central government, after which the LEA secures site and planning issues and then the Secretary of State decides what sort of school will be developed and by whom it will be operated, reflective of the desire to centralise, command and control on the part of government.

The Act also paved the way to a more diverse model of intervention when failure on output measures is recognised at LEA or school level with Ministerial powers to direct the use of private sector and/or other parties. There was an expectation that LEA's with failing schools would consider private sector partners as a matter of routine and had to justify the reasons for not so doing in their action plans to improve the school. In resource proposals the concept of ring fencing the education budget within local government has been consistently opposed by local authorities on the grounds that such a step would weaken local accountability diminish local democratic decision making and encourage local authorities to reconsider their current expenditure, some £230 million above the level of standard spending assessment (2001/02) at the expense of other local services. The financial proposals in the Act determine nationally the accounts systems for schools and create a national system capable of bespoke bench marking, cost analysis and well fitted, should it be required, for operation directly by central government or another national, regional or sub regional body. The need for system uniformity is seen at its sharpest in these particular proposals.

The Education Act (2002) confirmed in many aspects of the legislation the paradox explored by Ball (2001):

Labour are attempting to realise economic policy in education by creating a model of schooling which is essentially Fordist and micro-managed. This is based on a decontextualised, 'basic skills' approach which stands in stark contrast to the 'high skills' knowledge based, post Fordist economy portrayed in Labour's own policy texts and policy rhetoric. (Ball, 2001a, p 53).

The rhetoric which asserts that people, (teachers) are the critical resource and that only through their development can an organisation succeed is betrayed by policies which are founded in a belief in technical rationalism, viewing people, (teachers) as technicians and in doing so stifles and encourages risk averse strategies. The commonly accepted belief in a post Fordist model to resolve what Finegold and Soskice (1988) defined as England's industrial failure, namely low levels of education and training, short term financial costings, low pay and poor output quality is unresolved when technical rationalism remains a driving force. Such reliance does not lead to the two virtuous circles described by Ball (1991), in Hodgkinson (1997),

First, high skills lead to high productivity which leads to high wages.
Secondly high investment in training leads to high standards which leads to high aspirations. (p 71).

It does not lead to such aspiration because the emphasis within a technically driven system is upon measurable outputs. That which is often most valued in education cannot be measured and teaching to defined performance criteria – witness the loss of non Schedule Two provision in FE which has led to a diminished quality of education. The measurable outputs in, for example, vocational education and training are system designed to equip employer led labour demand within a system which itself has consolidated the employer position, as opposed to the learner, in determining need. The definition of need itself, based upon weak labour intelligence and inadequate forecasting concludes in a substitution of qualification achievement for skill acquisition or development. The central issue is what is valued, by whom, for what purpose, within what framework

of understanding and governance and accountability. An examination of the provisions of the Education Act (2002) provides ample evidence and audit for the assertions of neo-Fordism, micro-management and a limited licensed authority for institutional and individual professional ability to innovate, within a framework of output measurement capable of focussed inspection.

The modernisation strategy could not, therefore, be said to be liberating in the public arena of education.

Labour's Modernisation Strategy – Paradoxes and Reflections

The critics, from both ends of the spectrum (Ball 1998, 2001; Tooley 1995, 1996, 1999) are, for different reasons persuaded of the fundamental flaw in Labour's strategy – that the narrowness of the approach to learning and the ideology and pursuit of performativity are, in Ball's (2001a) terms 'antithetical' to the high skills knowledge economy of their rhetorical aspiration. However, given the prevailing narrowness of the vision the search is seen to be for solutions to the objectives derived from a concentration on output measures. As Barber (2001) indicates:

The challenge for the twenty first century is surely to seek out what works. The issue is not whether the public, private or voluntary sector alone will shape the future, but what partnerships and combinations of the three will make the most difference to student performance. (p 39).

Not society. Not the pursuit of equality or social justice but 'performance'. This does not include the development of student's abilities to think, create, imagine, behave, act or appreciate in a wider societal context.

This raises the issues of what constitutes performance in a societal context and the implications of individualism within an education service subjugated to economic need. The deeper underlying context is the need to redevelop the concept of education fulfilling personal need and not solely the perceived needs of the market. The attraction of Barber's challenge is that his objective, the resulting goal can be quantified and therefore be perceived as a product – capable of market delivery by any or a combination of providers as earlier identified by Barber (1999).

That there may be a different perception or vision of society between the public, private or voluntary sectors is not part of the equation. Partnerships rest upon values which are mutually agreed and cannot be taken as assumed, else the venture fails. The criteria of what constitutes performance is arbitrary for example and is not based and primarily rooted in values. In contrast the local government White Paper, 'Strong local leadership, Quality Public Services' was intended to set out a new vision of local government and the foreword set out Blair's commitment to:

a partnership between central and local government, reflecting the critical importance of local authorities as a tier of democratic government delivering high quality services to local people.

(DETR 2001, p 4)

The DETR White Paper (2001) restated the government's four principles for public service reform and suggested that there should be national framework of standards and accountability, and that within this framework there should be devolution to local councils to encourage diversity and creativity, as well as the freedom to respond to and meet their communities needs. This in turn would require the building of local capacity in recognition of the need for flexibility at the front line and this flexibility would enable more choice for the consumer which was essential.

In addition there was an expressed desire to give councils the 'tools they need' to make the improvements local people want to see and proposals to establish greater freedom to set local spending priorities and reduce ring fenced grants, both in direct opposition to the reality of the Education Act (2002) as was the proposed abolition of consent regimes which are set to expand dramatically given the clauses in the Education Act described earlier. The theme throughout the White Paper (2001) was one of transforming central-local government partnerships using local public service agreements as a key mechanism. Both the language and intent of the White Paper stand in direct contrast to the Education Bill, representing a failure of two key Departments of State to harmonise strategy in a coherent, joined up way. The Education Bill was focussed on diversity, marketisation and privatisation – defining features of educational modernisation.

This marketisation of education, reinforced by managerialist strategies has been a particular feature of the education agenda pursued by New Labour. Education is seen as a product or commodity, with competition driving efficiency and individual choice being preferred above collective and accountable political decision making. This view relegates the role of the State to one of market promoter and regulator and, as Dale (1994) argued marketisation and the promotion of the market to the consumer would inevitably lead to the depoliticisation of education policy, making the replacement of societal, collective decisions subject to the common denominator of individual benefit. This, as with the application of 'choice' in social arenas beyond education, benefits those empowered and able to use strategies to enable successful choice outcomes and represents a deployment of garnered cultural capital, leading to an apparent 'fairness' in outcome despite the process starting point. In essence individual choice rewards those in a position to manage the system and polarises outcomes, with the middle class succeeding as other groups fail. This runs counter to the concept of a welfare state; by the transfer of social risk from society to the individual division is reinforced and differentials in levels of provision are magnified. It also affects the concept of citizenship and the rights of a citizen which exist apart from the market.

This issue is at the heart of the New labour strategy in pursuing a 'Third Way' of reforming the welfare state. Powell (1999, 2000, 2003), reflecting Driver and Martell (1998) and Levitas (1998), set out a tabular representation of change which has resonance with the underlying issues definition which are a central paradox of New Labour.

Dimensions of the Third Way in Welfare Policy

Dimension	Old Left	Third Way	New Right
Approach	Leveller	Investor	Deregulator
Outcome	Equality	Inclusion	Inequality
Citizenship	Rights	Both	Responsibilities
Mixed Economy of welfare	State	Public/Private; civil society	Private
Mode	Command and Control	Co-operation /Partnership	Competition
Social Expenditure	High	Pragmatic	Low

(Powell 2003)

Powell (2003) suggested that Labour were moving to a D.I.Y. Welfare State, and in quoting Grice, (1997) argues that the intention would be for individuals to take responsibility and the attendant risk in compiling their own welfare package from state, voluntary and private sectors.

The portrayal of the Third Way as a value driven, moral project is a key feature of New Labour as Blair emphasises 'equal worth, opportunity for all, responsibility and community' insisting that 'human nature is co-operative as well as competitive, selfless as well as self interested; and society could not function if it were otherwise' (Blair, 1998c p 6). He thus seeks to reassert democratic socialist values and set these into an ethical framework grounded on the left. There is, however, no linkage between the rhetoric and how it relates in practice to a depoliticised and detraditionalised education policy in practice. Taken together the depoliticisation of policy and the remodelling of the rights of citizens and consumers, which the market has driven, require a response which could in political, consumer and citizenship terms give effect to some of the values agenda pursued within the Third Way and point to a Fourth Way.

It is this linkage between legislation, privatisation and the values agenda within welfare state reform which is further addressed in succeeding chapters, starting with the emergence of the alignment of 'modernisation' and the increased use of the 'private sector' as having the same meaning.

This Chapter begins to lead to an emerging thesis that modernisation is a coherent philosophy which generates systemic change within a values framework and, as such, is capable of rational analysis; addressing in part the first key research question set out in the introduction p 9, and further considered in the Chapters which follow, starting with an explanation of the methodology adopted, the research design, a refinement of the key research questions and the parameters of the case study undertaken as part of the research.

CHAPTER TWO

Methodology

Aims

The aim of this study is to explore, analyse and critically examine the education policies pursued by New Labour from 1997 with a specific focus on the centrality of private sector engagement in education and the intended as well as the unintended consequences of this strategy for society and traditional concepts of citizenship. It attempts to be an insightful review of 'modernisation' in practice informed by personal and professional experience from working at a senior level in a Local Education Authority, and was undertaken within the framework of revised ethical guidelines adopted by the British Education Research Association in 2004. In considering an appropriate methodology the research questions set out on page 9 in broad philosophical outline were refined in order to sharpen and focus the lines of enquiry to be pursued. The thesis deals with three key questions:

Does the new governance of education require a new system of accountability?

Does the performativity of the private sector require public scrutiny and regulation?

Is the new governance of education as dependent as the past on local actors to orchestrate delivery in a meaningful way for a local community?

Objectives

In order to secure the aims of this study it has been necessary to understand what is meant by the term 'modernisation' in the context of national education policy, and identify legislative strategies adopted as exemplars of the modernisation agenda. In addition it was necessary to chart the growth of private sector involvement in education and reflect upon the changing nature of local policy networks in education, including the role of democratic bodies such as Council's with an education function. This, in turn led to consideration of the implications of a changing pattern of governance and accountability within the education system for the citizen and service consumer.

The research design sought to engage the twin spheres of legislation and policy development with reference to the Private Finance Initiative and the emergence of the private sector in education with the empirical challenges of the real world as seen in the use of an open and non-anonymised case study. The concentration on the Private Finance Initiative was designed to illustrate the emerging practices, structural changes and interactions between stakeholders in the new governance of education by both a critical analysis of policy development and a case study of its implementation in order to empirically investigate the research questions and draw appropriate conclusions. The research design was flexible and the case study field work refined following the analysis of literature and primary source documents in that I did not

regard a research design as a blueprint for a mechanical process of data gathering and evaluation. To the contrary, the scholar must have the flexibility of mind to overturn old ways of looking at the world, to ask new questions, to revise research designs appropriately, and then to collect more data of a different type than originally intended.

(King, Keohene and Verba, 1994, p 12)

The use of a literature review enabled an overview of contemporary research to be obtained and made the analysis of primary source documents, relevant to the case study, to be evaluated in context, thus shaping the lines of enquiry in the case study research.

Qualitative research that in general terms means 'any kind of research that produces findings not arrived at by means of statistical procedures or other means of quantification' (Strauss and Corbin, 1990, p 17) also accepts the complexity of the social world and the inherent relationships which are, of necessity, complex within that world. (Cronbach, 1975, p 126).

The research incorporates a summative evaluation of New Labour's education policy, with the purpose being that described by Robson (1993), 'to assess the effects and effectiveness of something, typically some innovation or intervention policy, practice or service'. (p 170)

As such it seeks to meet Suchman's (1967) definition of an evaluative study, (quoted in Robson 1993) namely a method of determining the

degree to which a planned programme achieves its desired objectives whilst recognising that any conclusions must be seen within an unfolding policy dynamic that is evolving, (Robson, 1993). The research is, in this case, seeking to extend knowledge and is rooted in reality and not stemming from a position in which

the researcher shuns the messy world of short term practical problems in favour of penning intellectual obscurities, masquerading as profundities whilst dreaming of academic recognition.

(Hargreaves, 2001, p 201).

As such it contributes by a duality of methodological approach, theoretical analysis and case study, which enabled triangulation and validity and hence reliability in the narrative, (Denzin and Lincoln, 1994) and it portrays through the case study outcomes of research in the real world concerning real human beings in real places acting in real contexts and produces real outcomes, (Robson, 2002, p 3/ 4).

Triangulation is seen as relevant where a complex, controversial phenomenon requires illumination and a focus on theoretical perspectives of private sector work in the public sphere are, in this case complemented by the case study research and the attempt to represent policy and legislative change visually, following the gathering of individual perception which was then aggregated. The multi method approach, allowing two or more perspectives to shape conclusions could be said to be methodologically appropriate and be considered as the primary criteria for methodological quality assessment, (Patton, p 39) and as meeting the definition of triangulation, the employing of more than one theory participant, method or analysis (Robson 2002, p 553) countering threats to the validity of the research (Robson, 2002, p 175).

Gorard and Taylor, (2004) argue that triangulation is about complementarity and not mutual validation, with different methods producing different aspects of the wider phenomenon and outcomes then being put together, with each perspective's unique evidence contributing to the whole and in some aspects, being mutually reinforcing, (p 8).

It is from this perspective that this research has been undertaken.

The research includes a critical and comprehensive documentary analysis through the consideration of primary texts, incorporating process depiction of reality as well as contextual analysis (Silverman, 2000 Patton, 1990). This includes H.M. Treasury, Department for Education and Skills, and the Office of the Deputy Prime Minister's legislative programmes, guidance policies and plans. It also considers reports from national bodies such as Parliamentary Select Committees, House of Lords Proceedings, Hansard Debates, the Education and Social Research Council, academic and commissioned research reports as well as press commentary and political party programmes and publications. Locally, the case study focussed on the City of Stoke-on-Trent Council Resource Committee reports, Policy Committee reports, Education Committee reports, correspondence between key local networks in Stoke-on-Trent, the business case for a Private Finance Initiative (PFI), as considered by Stoke-on-Trent City Council local media reports and external audit reports concerning Stoke-on-Trent to which I was given open access. This analysis enabled a comprehensive chronology to be assembled and policy linkages or gaps to be identified.

The study therefore combines a critical analysis of primary texts and research literature with a detailed case study which includes interviews with key players in a private finance initiative undertaking. The introduction to Chapter 4, page 82 sets the scene and the use of a case study (Robson 1993) has been used to explore the key questions in a real-life context, as part of a strategy of enquiry aligning documentary analysis, including primary source data such as Minutes of the Education Committee in Stoke-on-Trent reports to other Council Committees and written reports by the Director of Education in Stoke-on-Trent together with participant perception. The intention was to combine an analysis which describes and interprets settings, within the context of policy initiation, operationalisation and outcome, from a position of 'empathic neutrality' (Patton, 1990 p 55) and insight, based upon my role as an active participant in change processes in education at a County level, having to understand, define, plan and mediate national and local strategy in a large Local Education Authority.

The case study of a Private Finance Initiative in Stoke-on-Trent involved the use of semi structured interviews to address the key questions and the use of conversation to obtain specific research information, (Robson, 1993) and provided individual perspectives on their engagement with the policy implications of the Private Finance Initiative in a real life setting. The interviewees included, inter alia, party political leaders from the case study authority, Senior officials – The City Treasurer and Director of Education, Teachers' Professional Association representatives, representatives of Transform Schools the private sector delivery company, and Headteachers. The sample was as broad and representative as was possible, given the time constraints upon the researcher and not all interviews are reported upon – particularly where repetition occurred. The intention was to capture national, local and institutional perspectives on the nature of policy in practice and consider whether the levels of engagement in change strategies as seen by Salter and Greenway (2003) in the Health Service had a resonance. Participants were invited to formally confirm their participation in writing before the process started and undertakings were given that the published outcomes would not identify individuals, organisations or institutions unless interviews were agreed to be 'on the record' interviews. In particular I fully observed the B.E.R.A. guidelines (2004) in conducting the interviews, fully aware of my responsibilities to the participants, and established voluntary informed consent before the research began. All interviewees were informed about the purpose of the research, the process employed and the nature of the thesis and its likely eventual location in a library and open to public scrutiny. In addition the right to anonymity and entitlement to privacy was discussed. In every individual case the interviewees specifically waived that right and were willing to be identified, their interview used, subject to the discretion of the author, and felt individually and collectively that the story of the Private Finance Initiative in the City of Stoke-on-Trent should be recorded. I gave full consideration to the case for anonymising the case study and felt, on balance, that the use of a real world, named case study, would carry greater authenticity in adding to the knowledge of policy development and its implementation than an unidentifiable case study. The transcripts show

real people, in a real world, facing multiple challenges in governing education in a contemporary educational setting and illuminate the literature review and primary source documents with perceptions of living history. There are some gaps in the reporting of interviews and some gathered evidence has been used as informing the researcher and the analysis of events, whilst care has been consciously taken to avoid observer bias. All interviews were tape recorded and transcribed, believing as I do that such a strategy is 'indispensable' (Patton, 1990 p 348) in order to fully capture the rich data contained in interview situations.

The use of an interview, the one to one relationship, secured at least two of the three purposes suggested by Cohen and Mannion (1992 p 309), the second descriptor being that ascribed to Tuckman (1977) namely the principal means of gathering information having direct bearing on the research objectives and by providing access to what is 'inside a persons head, (it) makes it possible to measure what a person knows, (knowledge and information), what a person likes or dislikes, (values and preferences), and what a person thinks, (attitudes and beliefs).

The purpose of the interview was more, therefore, than the descriptor applied by Moser and Kalton (1971) as

a conversation with the purpose of eliciting certain information from the respondent. (p 271)

My own professional development as part of the Ed.D course, coupled with wide ranging professional experience as a senior and reported upon local government figure and the skills required to succeed in that environment conferred the 'theoretical sensitivity' required of a researcher (Strauss and Corbin, 1990) and, in terms of policy analysis and judgement hopefully carries some weight with readers.

The trustworthiness of the interviewer is also considered to be a key issue, (Robson, 1993), and my reputation within the case study authority and as a long standing County Education Officer was helpful in the process of acting as both practitioner and researcher.

The issue of the Private Finance Initiative is complex both in scale and interpretation and as such the assertion of Miles and Huberman (1984,

p 46) that the researcher should have 'some familiarity and a strong conceptual interest' enabled a focus to be brought to bear in interviews and the following up of emergent issues within the semi structured nature of the interviews. The issue of trustworthiness in this research rests upon an interpretation or perception of events, and that to argue a reality of case subject to no other interpretation is naïve. However, the seam of gathered evidence is wide and possessed of theoretical triangulation by virtue of literature and policy review. The City of Stoke-on-Trent case study stands uniquely as a factual record of events and memories of process in time – reflected by key players in their own language and their own constructs of reality.

Yin (1994) defines a case study as an empirical enquiry which 'allows investigation into a contemporary phenomenon within its real life context, especially when the boundaries between the phenomenon and context are not clearly evident' (p 13).

In this case the study of Stoke-on-Trent PFI is explanatory of actions in time dealing with the questions of how and why (Robson, 1993). When 'voice' and written evidence are combined, the analysis of local policy papers, minutes, notes of meetings with interviews, it enables an interpretive approach to be taken in terms of individual meanings and perceptions of events and issues, (Denzin and Lincoln, 1994).

This case study was felt to be appropriate and viable for three reasons advanced by Benbasat (1987 p 370).

It is necessary to study the phenomenon in its setting.

The researcher can ask 'how' and 'why' questions, to understand the nature and complexity of the process.

Research is being conducted in an area where few, if any, previous studies have been undertaken.

In terms of the latter point there is little published research work on PFIs in education and in terms of Stoke-on-Trent no previous written description of the process incorporating the contemporary voice of participants. The case study therefore stands as a statement of actual events gathered from records and data interweaved with participant recollection. I would argue that the use of a case study in this dissertation meets the threshold criteria

set out by Hitchcock and Hughes, 1995, in that it deals with a rich description of events within a chronological narrative, it combines analysis and a description of events focussing on key actors, highlighting specific issues of relevance and an effort was made to vividly but not sensationally report the outcomes, (p 317). The case study complements the earlier theoretical policy analysis and has a strength in its reality with clear triangulated perceptions of, for example, the debate over services, where the key players confirm a pattern of events that, taken together portray an undisputable reality. The case study also enables the reader to understand the connectivity of ideas and abstract principles (Cohen, Mannion and Morrison, 2004 p 181) and, in this case the illumination of central-local government action, reaction and inaction in real life time. It therefore contributes and informs in varying degrees and is referenced in differential qualities according to the point of the research rainbow the facet of research touches – from factual, written, undisputable reports to the description of a local Member of Parliament conducting business whilst shopping, (Eisner, 1991, p 30 – 31). The case study examined the term ‘modernisation’ as it applies in practice and enabled the development of a conceptual model of change in operation and what implications for the policy process might be inferred building on the earlier literature analysis. The linking of national policy imperatives to a practical situation by the use of primary textual analysis alongside emerging critical literature and research studies has enabled tentative conclusions to be drawn about the ‘modernisation’ process and the use of the private finance initiative for capital, governance and learning strategies in the education service. The intention beyond this was to explore new and emerging dimensions of governance and areas for change as a guide, as Eisner 1991 (p 59) stated; ‘Guides call our attention to aspects of the situation or place we might otherwise miss.’ The analysis therefore offers a perspective within the evolving policy dynamic and hopefully contributes to the developing research literature in the area of ‘modernisation’ and governance by addressing the implications of private sector engagement in the public sector of education and putting these aspects or perspectives together.

The final Chapter Five of this thesis deals with key question three, as set out in the introduction, p 9 and deals with what emerging and new constructions of professional, evidence based practice and accountability may be required to ensure that education policy is, in reality, more accountable to the deliverer, recipient and citizen in the light of the preceding chapters and the research findings.

CHAPTER THREE: Data Collection: PFI policy development.

Accountability, Performativity and the Private Sector

Having examined the continuities of national policy this chapter focuses on the aspects of policy in practice which involves the private sector in the provision of public goods and services. This in turn raises issues of accountability and political perceptions of local government on the part of central government. The Education Act (2002) gave statutory expression to the New Labour emphasis on promoting the role of the private sector in public education either through outsourced activity, intervention strategies, public-private partnerships or the provision of capital in private finance initiatives. The intention to introduce diversity by an expanded engagement of the private sector raises the need to consider the issue of accountability, in the context of performativity; seen by Elliot (2001a p 203) as an 'integral part of the neo-liberal project of re-engineering society as a free market for goods and services'.

This aligns with the identification by the World Trade Organisation, charged with liberalising the global exchange of goods and services, of the welfare state, in particular the education and health spheres as areas which could be opened to market provision. In this the New Labour government were seen to be pace setting and by 2002 the term 'modernisation' had, in terms of Local Education Authorities become synonymous with privatisation. The virtuous circle of diverse provision could be seen when a Local Education Authority failed an inspection, leading to a private sector intervention, branding the local authority a failure; unlike the strong and successful local authority which sought to engage with a private partner willingly, (see p 61/62). In either case public service became to a greater or lesser degree privately provided. The DfES policy paper, 'The Changing role of LEAs', (DfES, 2000) had described LEA's as 'brokers' of services to schools, with a responsibility for creating open markets for these services, an enforcement of challenge to their own traded and market provision. The interface between public and private trading in operational terms is explored later, but in the framework of performativity, defined in principle as stemming from a societal context in which the economic functions of social systems, like education, are separated from their personal and social

functions and rendered subordinate to them, (Elliot, 2001a, p 205), there is a need for emergent and robust accountability mechanisms to both citizens and commissioners, particularly if policy and targets are driven from outside the local democratic expressions of community and professional voice, thus creating a void in a localised and accountable relationship. In considering the three dominant accountability mechanisms, democratic, value for money performance audits and market mechanisms there are clearly deficiencies in each. Current representational models have become weaker as an expression of the democratic voice, value for money audits presuppose a framework of defined standards or indicators against which 'performativity' can be assessed and the market rests upon individual or institutional accountability as opposed to community accountability. There is, therefore a need for new, emergent structures of accountability within a contemporary setting. In creating a 'new public management system' by re-engineering schools and local authorities to work within a model of regulatory control which concentrates governance at the centre and seeks regulatory compliance the evaluatory state, which deploys quasi markets to strengthen secondary regulation, must consider and develop accountability strategies to include the existing and planned growth of private sector provision in the public domain. This becomes particularly important when the use of the private sector affects the characteristics of the delivered service and, as Crouch, (2003), observed, private markets within the welfare state lack the features associated with the emergence of diversity and innovation within a market, namely a large number of competing companies, with broad scope for new products and no serious consequences of failure. Within the public education system the number of producers is relatively small and the risk factors low – it is an area within which market distortion is developing – the concept of marketisation being inappropriate as the market itself is impure. With a small customer base – the contract specifier usually being central or local government and the absence of a direct relationship with the actual consumer of services or the citizen as paymaster the defining feature of the education market, as seen by Crouch (2003) is

One in which oligopolistic providers make deals with monopsonist customers. (p 14).

Within this definition issues of accountability between commissioner and supplier ought to be capable of comprehensive construction, with risks minimised and good models of transparent specification capable of inter-commissioner communication. Thus, in Private Sector Initiatives it could reasonably be expected that from the contractual growth over recent years a good practice model for commissioning would have been developed. That this appears not to be the case is explored within the case study. This agenda for greater diversity, seen by Elliott (2001a) as an essential part of the new performance culture in the public sector, had as a central element the weakening of 'intermediary bodies; (Gray, 1998), such as professional associations and interest groups by strategies such as competitive tendering, performance related and profit related pay initiatives as well as sharp, focussed performative inspection and public reporting. Within this the 'transforming role of the state' must be beyond the limited role set out by Gray (1998) namely; 'to supply a framework of rules and regulations within which the free market, including crucially the labour market, would be self-regulating' (p 26 –7).

In reality a range of contracts need renegotiation when diversification takes place and the branded areas of public provision, hitherto exempt from the market place because of citizenry status, move to commercialisation, redefining the citizen's entitlement to public goods and services as Marshall (1963) quoted by Crouch (2003) argued. In turn the residualisation of public sector provision raises issues about local authority provision increasingly becoming the clearing house for social casualties with universal, as opposed to specialist service provision being delivered, and thus increasingly accountable, outside the current democratic locus. At this point a wider debate about strategic planning comes into play and as Wright (2004) observes:

Public services represent a contract between the state and its citizens, and the terms of that contract need to be specified more explicitly. (p 2).

The potential conflict of interests with a single company acting in inspectorial and provider modes is enabled by the absence of a public framework of regulation, scrutiny and accountability for the private sector's discharge of contract to the citizen as opposed to commissioner, as central government's intervention in local authorities has demonstrated.

The Private Sector – Intervention in Local Authorities and Key Players

The 1999 Local Government Act powers have been used by central government to intervene in authorities assessed under the Comprehensive Performance Assessment process to be 'poorly performing'. Martin and Bovaird (2005) support the view that the assumption on the part of central government has been that there is some kind of causal relationship between standards of governance and levels of service performance (Skelcher, 2003). The government also clearly saw service improvement being effectively achieved by public-private partnerships, and the ODPM created the 'Strategic Partnering Taskforce' to encourage a range of innovative public-private partnerships 'as one of the principal options open to authorities in achieving step-changes in performance' (DETR, 2001, p 9). The annual survey outcomes undertaken by the ODPM to evaluate the impact of the best value regime suggest that there is strong evidence that the internal cultures of authorities have changed with a marked emphasis in the willingness of authorities to accept public-private partnerships, and figures suggesting 85% of Councils being open to accepting private sector engagement in 2003, up from 45% in 2001 and 57% of Councils perceiving a partnership with the private sector to be a key factor in service improvement, (Martin and Bovaird 2005, p 52). In general the survey confirms that partnership working has increased with Councils working with other public bodies, the voluntary and the private sector and evidence that there is a positive and statistically significant link between increased partnership working with the private sector and improvements in CPA scores – with no such link stemming from increased partnership work with the public/voluntary sectors. This finding could be reflective of the scale of

private as opposed to public or voluntary partnership activity, with the rapid private sector expansion since 1997 as a central element of the government strategy.

The role of OfSTED in the privatisation programme has been crucial, with central government's intervention at institutional or local government level following on from a critical OfSTED report. As many OfSTED approved inspectors are private consultants or companies there are areas where a small number of private companies have potentially conflicting interests, particularly where the same company inspects and reports, is an approved DfES contractor to offer consultancy and is also a DfES approved contractor to provide educational services.

The Centre for Public Services, 2003 indicated this potential conflict in tabular form:

Approved Contractors and Inspectors

School Inspector Training	Serco, Nord Anglia, Cambridge Education Associates, Tribal Group
School Inspection Services	Serco, Nord Anglia, Cambridge Education Associates
Approved List for Consultancy	Capita, Serco, Nord Anglia, Cambridge Education Associates, Arthur Anderson/Birmingham City Council/APS Keele, Deloitte & Touche, Ernst & Young, Office for Public Management, PriceWaterhouse Coopers, Lorient
Approved List for Providers	Capita, Serco, Nord Anglia, Cambridge Education Associates, Centre for British Teachers, WS Atkins, Tribal Group, Bevan Ashford, Arthur Anderson/Birmingham City Council/APS Keele, Include, Pannell Kerr Forster/Prospects/Nabarro Nathanson, CEM, Camden LBC, Hampshire LEA, Essex LEA/Windsor & Co.

(OfSTED website: Training in Inspection Skills list, List of Inspection Contractors; Local Government Chronicle 2002).

There has been significant private sector involvement in the intervention strategies in local education authorities deemed to have failed an OFSTED inspection. The first LEA to experience DfES intervention under the Schools Standard and Framework Act 1998 was the London Borough of Hackney in June 1999.

Under Section 8 of the Schools Standards and Framework Act the powers of the Secretary of State are sweeping in that if the Secretary of State is satisfied that an LEA is failing in any respect to perform any such function, he is empowered to give directions to the LEA to

secure the function being performed in such a way that it meets specified objectives, or require the function be undertaken by a third party specified by the Secretary of State on behalf of the LEA and at its expense, again in such a way to meet (the Secretary of States') specified objectives. The Secretary of State may also require that any contract or other arrangement made by the authority with a third party contains certain specified terms and conditions. (School Standards and Framework Act, 1998, Section 8, p 7/ 8)

This is clearly a micro-managed process with the Secretary of State being the driving partner in initial contract specification and invoking her authority in order to develop a consent regime which required her specific authority for any contractual variation sought by the local authority.

Following Hackney there have been 18 cases of direct intervention following poor reports from OFSTED. In every case consultants from an approved government contracting list were appointed to advise when intervention was deemed necessary. Some local authorities such as Southwark, Bradford, Hackney, Islington, Leeds, Walsall and Waltham Forest have experienced partial or full privatisation in their education services. Others such as Haringey, Sandwell and Liverpool retained control of service provision but have a private sector partner advising on management and strategy. Where intervention has taken place the private sector engagement has been limited to a small number of companies, according to the Centre for Public Services (2003).

Local Authority	Contractor	Details
Bradford	Serco	School Improvement, Admissions and Special Educational Needs
Hackney	Nord Anglia & Learning Trust	School Improvement & Ethnic minority achievement
Haringey	Capita	Management contract – no outsourcing of services
Islington	Cambridge Education Associates	Seven years and worth £78.2m Mott Macdonald as partner
Leeds	Arms Length Company: Education Leeds and Capita	Capita is strategic management partner to Arms Length Company
Lincolnshire	Centre for British Teachers	School Improvement and Advisory Services
Rotherham	Windsor & Co and Essex LEA	Brokerage for traded services
Sandwell	Nord Anglia	Provision of Senior Managers
Southwark	Atkins	5 year contract for entire LEA except early years and Adult education which

		are scheduled to transfer at later date
Surrey	PPP in procurement for private partner	LEA trading company to trade with other LEAs
Swindon	Tribal	Tribal to appoint senior management
Thurrock	Capita	Capita provided strategic management
Walsall	Serco	School Improvement
Waltham Forest	EducAction (Serco and Amey)	Joint Venture between Serco and Amey running most LEA services

(Centre for Public Services, 2003, p 18)

In March 2005 the CBI published a report, 'The Business of Education Improvement' claiming that in LEAs subject to private sector intervention there had been a faster rate of improvement in pupil performance than in other LEAs deemed to be failing but subject to other intervention strategies or public – private partnerships. The report was welcomed by the DfES and received wide publicity despite the fact that the conclusions about the relative success of the private sector interventions are superficial and challengeable on four counts. Firstly issues of relative cost and finance are omitted and this invalidates any meaningful conclusion that the private sector is 'best'. Secondly the 'Raising Standards' KPI's are too narrow a measure of LEA effectiveness and even on this methodology value added measurements would have been more meaningful than raw trends and little or no account is taken of the context of intervention. Thirdly the interventions are variable, over different times and through different companies and finally the report's methodology is flawed in its use of comparator 'control groups' who cannot meaningfully be so described. The report did, however, achieve its publicity purpose and there was not, at the time, any critical academic review of the report's shortcomings and its particular use of data to promote the claimed superiority of the private sector, written, as the report appears to have been to please its commissioner – the CBI. The report sought to justify what the government acknowledged to be the drive to engage the private sector,

What I entirely accept is that recently, particularly under this government, the nature of involvement of education with the private sector has expanded. There is no doubt that the area in which we perhaps invited private sector involvement that has pushed the

boundary between private and public is the work that we have invited them to do with Local Education Authorities.

Estelle Morris, MP, Minutes of Evidence, 15.12.1999 House of Commons,
p 7 Question 161)

An exchange between Helen Jones, M.P., a Member of the Education and Employment Select Committee and the Minister of State, Estelle Morris, MP who was giving evidence provides an unreported insight into Ministerial thinking about local Councillors, private sector engagement and contractual performance.

Helen Jones

One of the things I think we have to get right in all of this is preserving the lines of democratic accountability when the private sector is involved either with LEAs or in running schools. Perhaps you could tell us how you see those lines of public accountability working when, for instance, a private company is involved in delivering services in schools with an LEA still operating above it? Where are the lines which make it clear that the LEA, the elected members, actually have some accountability for those services?

Estelle Morris

*I think that it is a very important question, one of the things about **contracting out** is that it does define the relationship between elected members and the **provider** ... So I see it as I always thought it should be, which is **reflecting local wishes, being a voice for the electorate, parents and people in their wards**, and in the case of where we have contracted out **actually monitoring the contract**. I see it being elected politicians who have that obligation to **actually monitor the contract**. What it prevents them doing is **interfering in the delivery of services**. In some under-performing LEAs that is what local elected councillors have been doing, **interfering with the delivery of services**. They never should have been doing that and in some ways I think **this process helps to define the relationship**.*

Helen Jones

Let us say, there is a private contractor working in a school and for various reasons the local people may not be satisfied with those services. How in that situation can they work to improve services through their local representatives?

Estelle Morris

*By **talking to the provider** about what they were dissatisfied with, they could either be **dissatisfied with the contract** that was drawn up or they could be **dissatisfied with the performance of the provider against the contract**, and whose fault that would be would differ in both those cases. I suspect it is no*

different from local authorities contracting out the refuse collection or cutting the grass, there is a contract there and part of the local elected councillors' accountability is how well they have negotiated that contract and what they have actually put in it. I hope they would do one of two things; either say to their constituents, "I will defend what I put in that contract and you can vote me out at the next election", or secondly, that clearly they are not delivering the contract and go in and do something about it.

Minutes of Evidence, 15/12/1999
House of Commons p 4, para 204, 205

So, the role of the local Councillor is to monitor the contract but not interfere in service delivery, to negotiate the outsourced contract and subsequently if problems arise talk to the contractor... but not interfere in delivery.

The public sector trade union, UNISON, (2001a), estimated that the value of the contracts in failing local education authorities was a conservative £800 million. In reality the market is much larger. There are authorities such as Bedfordshire, Northamptonshire, and Lincolnshire where the local education authority has chosen to work with the private sector. In her evidence to the Education and Employment Select Committee (June 2000), the Minister of State, Estelle Morris confirmed that:

The Government believes that both the public and the private sector have a part to play. Certainly as far as the Local Education Authorities are concerned the private sector is here to stay.

(Education and Employment Select Committee, 2000 para 11)

In June 2001 the Institute for Public Policy Research published a report "Building Better Partnerships" which questioned the notion that public service workers have a distinctive ethos and promoted the view that the ownership of public service assets was a secondary issue to the quality of service provided. A suggestion in the report was that local authorities should publish an annual diversity statement showing the amount of inhouse spending compared to the amount spent locally on external private sector contractors.

At the same time the then Minister of State at the Department for Education and Skills, Estelle Morris, (2001) confirmed to the NAHT annual conference that 'the way the law stands at the moment some local authorities cannot

use the private sector from a position of strength. What we want to do is to amend the legislation so that if you are good you can use the private sector willingly', (p 3) She announced a £1.8million project aimed at encouraging local education authorities to develop innovative ways of working with the private sector and other partner organisations.

In July 2001 a government discussion paper was circulated proposing that private/public sector organisations awarded contracts to turn around weak or failing schools should be given a "controlling interest" on the governing body. The paper suggested that the contractors and/or the Secretary of State would be able to nominate enough governors to give them a majority and thus control the recruitment and firing of staff, the performance management process and curriculum development.

Throughout the summer of 2001 a debate ensued within the Labour party and the educational press on the private sector's role and involvement in public education. A poll carried out by MORI for The Times (3rd September 2001) revealed strong public opposition to any expansion of the role of the private sector in public services. Two thirds of those polled believed that education and health should be provided completely or mostly by the state. In terms of identified Labour party supporters over 70% expressed opposition to any increased role in public provision. At the height of this debate CAPITA the private company that had taken over education services in Leeds and the London Borough of Haringey, announced record profits up to 62% to £31.3 million, giving shareholders a dividend increase of 36%, ten times the annual pay award offered to teachers that year.

The developing role of the UK's private education industry could be one of the drivers of future economic growth in the British economy and the government's drive to engage the private sector is building up export potential for a worldwide market within the knowledge economy, (Monbiot, 2002). There is emerging evidence beginning to show that international competitiveness in the private sector is being shaped by educational experience and innovation in the UK. The American market is also seen as increasingly attractive to such private sector operators as Nord Anglia, CAPITA and Serco.

The growth in public-private partnership activity under Labour has been a particular feature of their public service strategy, rising from £75 million in 1997/98 to £700 million in 2001/02 and predicted to reach £2.7 billion by 2005/06 (Local Government Chronicle 2003).

In the outsourcing strategies applied to local education authorities there is no information publicly available about the costs of contracts, contract variation or contract setting up costs. These are seen to be commercially sensitive and held outside of public scrutiny within the Department for Education and Skills. The citizen, rate payer or tax payer is therefore unable to consider what element of profit is being taken out of a contract by the private sector and, there is an inability to bench mark and compare value for money costs. This raises the issue proposed by Whitty (2000) of the need for the creation of adequate safe guards within a wider and more diverse provider base in public education and becomes even more essential when private sector operations fail and, as in the case of Bradford, the Secretary of State for Education and Skills expresses serious concern about the performance of Serco, with a 10 year £360 million contract to deliver education services. It could also apply to Southwark, where W S Atkins pulled out of a five year £100 million contract or Hackney, where Nord Anglia terminated their contract. In a speech to the Business of Education Forum Tooley (1999) identified seven virtues of the profit incentive in education. Firstly the desire for expansion. Excellent state schools ought to be able to expand as a business in order to satisfy market demand. As part of this proposition successful schools could take over failing schools and make a profit from the enterprise. The second is that schools and colleges should organise their own quality control, by setting their own curriculum and awarding their own in house qualifications or shopping for qualification accreditation on the open market. A third virtue of for profit education rests upon the capability of brand names to maintain standards and consumer loyalty. Fourthly the profit motive would lead to investment in research and development and in order to avoid a reduction in market share there would be constant and significant investment in forward planning. The fifth virtue is the potential of the private sector to ensure teachers are properly rewarded and outstanding

excellence is disseminated throughout the company. The sixth virtue of the profit motive is seen to lie in capital investment and the returns that could be available.

Many of the Tooley virtues of for profit investment can be seen to be capable of being delivered through the Education Act (2002) and policy initiatives such as the expansion of popular schools, fast track foundation status processes, the lauding of profitable public ventures – Thomas Telford School - and the growth of Academies and the consequent cheap purchase of public assets and influence in the public sphere.

In order to understand the societal, stratified, citizen and consumer accountability strategies which a diverse pattern of providers in the public sector might warrant some exploration of the current and potential scale and nature of private sector engagement in the public sphere is required. The World Education Market Conference in 2002 considered a report from Knowledge Quest Ventures which conservatively estimated that the global education market exceeded two thousand billion dollars, with significant potential for growth, if the barriers of public sector monopolies in nation states could be removed. The European Roundtable of Industrialists has argued that 'state education is a market opportunity and should be treated as such', (Monbiot, 2000).

Increasingly the UK is seen as the international promoter of the benefits of privatisation – allegedly the Department for International Development paid £93,000 to the Adam Smith Institute in 2005 to support the production of a film, destined to be broadcast in India, promoting the benefits of privatisation – and this only one element of some £28 million paid to consultants from the Institute between 2001 – 2004 to promote privatisation (Private Eye No 1139 19th August 2005 p 29). Capital Strategies, an independent corporate finance house associated with American Capital Strategies, a listed investment bank, published a report in February 1999 on the 'Business of Education' which assessed the 'outsourcing market' in the United Kingdom being worth £10 billion and market capacity to sustain growth of 20% per annum. The report projected the growth of the private sector market share in the United States doubling to reach 25% of the 635 billion dollars spent annually on education and training – citing three market

leaders in Edison, Sylvan Learning Systems and Nobel Learning Communities. Whilst it is difficult to accurately assess the growth in the outsourcing market from 1999 to 2004 an indication of scale can be gathered from a consideration of the annual reports and accounts of the six major players in the education consultancy and service provision market. Some indication of the scale of capital growth was reported by Loynes, of Capital Economics Limited, quoted by Duncan in The Times, (14 March 2005) – that potential state liabilities incurred by the Private Finance Initiative stood at £60 billion or 5% of gross domestic product. Further consideration of the economies of the Private Finance Initiative, from a company perspective, are difficult to gauge in terms of investment range, return and secondary market engagement. A review of Serco's accounts (one of the six – the others being Tribal, VT Group, Capita, Nord Anglia and Mott Macdonald) indicates the difficulty of establishing clarity about the capital investment and private finance initiative activity of the company. First PFI is accounted for under a range of headings – joint ventures, subsidiaries, investments and particularly secondary markets in equity stakes, whose worth cannot be ascertained from the published accounts. Secondly whilst the company reports that PFI accounted for 8% of gross profit and 12% of turnover some 43% of pre-tax profit came from "joint ventures" which would include an unquantified element of PFI activity. There is, therefore, an issue of public accounting for the profitability of PFI investment.

The broader company accounts for the six companies for 2004 reveal a picture of significant growth in public sector markets and optimism about the future growth potential – hardly surprising when fewer than 1% of the companies in the FTSE index provide public sector outsourcing services to a market that represents 40% of the UK's gross domestic product, a market central government is determined to open up. Whilst there are a range of private companies involved in public sector education they are rarely reported upon and the activities of the six major companies, by volume of central and local government market share of revenue service provision is informative and illustrative.

Serco

A multinational company, market value of £1.1 billion with contracts in rail, roads, defence, health, justice and education delivering compound growth in turnover since 1988 of 25% a year. Provides support, leadership, advice to over 500 schools and eight Local Education Authorities including the running of two LEAs, Bradford and Walsall. An order book of £12.7 billion in 2004, turnover of £1.7 billion and identified opportunities for a further £16 billion of work. Employs more than 40,000 people and has used the experience gained in the British outsourcing market to expand overseas.

The Sunday Times (22 May 2005) in an analysis of Serco observed that,

‘The Labour government is committed to public sector reform and there is one way to get it: outsource more because the private sector can deliver efficiencies where the public sector cannot. In this respect Britain may lead the world.....

(Steir, Sunday Times 22/5/2005 ‘Business’ p 12)

VT Group (VT Education & Skills)

Vosper – Thorneycroft has its roots in shipbuilding – with expertise in warships, tugs and barges. It moved into training in 1996, careers advice provision in 1999, education consultancy in 2001 and was selected in 2004 to deliver a £100 million partnership contract to provide services to schools in Surrey for a seven year tenure with an option to renew beyond that for a further eight years. The VT group formed a joint venture group in 2005 with the construction specialist, Costain, called ‘Learning 21’ to address opportunities offered by the Building Schools for the Future programme. The intention is to offer a full design, build and operate service and the new group is targeting Local Education Authorities in the North West, West Midlands and London for potential partnerships.

Mott MacDonald Group

One of the earliest companies to enter the outsourcing market. Cambridge Education Associates Limited, formalised a partnership arrangement with Cambridge Education Consultants and the companies merged. The new company became part of the Mott MacDonald group although Cambridge Education Associates retained its identity for trading purposes. The merger made economic sense in bringing together CEA – successful in the UK and

CEC which provided overseas educational consultancy. The parent group, Mott MacDonald has an annual turnover in excess of £300 million and a staff of 4,500. Operating profit rose from £7.6 million in 2000 to £46.7 million in 2004 and future growth from outsourcing, particularly overseas is anticipated.

CEA won the contract to manage the outsourcing of Islington, the Teacher/Headteacher Assessment Performance programme, remains one of the largest contractors for OFSTED inspections and is a major provider of training for inspectors. It also carries out inspections of Independent Schools – another potential market.

Nord Anglia plc

Founded in 1972 Nord Anglia operates through three Divisions, Nurseries, International Schools and Outsourcing with thirty-four companies and 4,500 staff. In 2005 the company secured a contract to inspect Further Education Colleges, let by OFSTED and worth £26 million over four years, in addition to an existing contract to inspect 178 schools and a contract to train additional inspectors to work alongside HMI. The group refocused its business strategy during 2004, selling Hull Grammar School to the Church Schools Company for £4.2 million and its remaining UK schools to Global Education Management Systems for £11.9 million. The GEMS company plans a network of 200 schools in the UK, offering cut price independent education. Further reference to the appointments made to the GEMS advisory board can be found on page 72. Following the disposal of the schools portfolio the group purchased £73 million of day care nurseries, making Nord Anglia the market leader in a fragmented market. The Nurseries Division of the company was the most profitable, with turnover increasing from £2.6 million in 2001 to £23.4 million in 2004 and prospects for future growth seen as strong with the governments tax and national insurance rebates reducing actual childcare costs for higher rate taxpayers from April 2005. The company sees early years provision as capable of 'providing growth and outstanding returns for the company' (Annual Report and Accounts 2004 page 8) whilst it also plans to 'leverage our market leading position in the UK to develop new nurseries overseas, (p 11).

Tribal Group

Tribal is one of the fastest growing companies in the public sector market with only 4% of gross revenue by market in 2004 coming from the private sector and education, health and local government accounting for eighty eight percent of business. The group was the second fastest growing company floated on the stock exchange between 1998 and 2002; growing from 3 employees at inception in 1999 to over 1,900 by 2004 and claiming to have a contractual relationship with 80% of secondary schools, 75% of local authorities and 95% of Further Education Colleges. Turnover grew from £17.5 million in 2001 to £186 million in 2004 and profits rising from £1.9 million (2001) to £20.1 million (2004). The company was appointed by OFSTED to provide regional inspection services to 7,000 schools in the Midlands and South of England – making the group the largest provider of contracted inspection services. Of the major companies in the outsourcing market Tribal has been the most acquisitive of smaller companies.

Capita

Capita is the market leader in the provision of business process outsourcing to the public and private sectors in the UK. Turnover grew by 19% to £1,285 million in 2004 and profits by 22% to £121.2 million. The company also reported the acquisition of 12 major contracts in 2004 with a value of £1.36 billion, an increase of 122% over 2003. The growth came from both public and private sectors; in education the company won a 5 year contract to deliver the National strategies for the DfES, a contract to implement the 'new relationship' school improvement partner strategy, continued to operate 'Education Leeds', administered the national Education Maintenance Allowance System and the operational processes of vetting employment status via Criminal Record checks. The company recruited 5,000 staff during 2004 leading to a total workforce of 23,000. Capita also administers on behalf of Central government, the Criminal Records Bureau (£400 million), the Teachers Pensions Scheme (£60 million), the Child Trust Fund Accounts (£439 million over 20 years) and the National Education Strategies (£177 million over 5 years). In 2005 Capita opened two offices in India, pretax profits rose 18% to

£74.7 m in the first six months of 2005 and turnover was up by 11% (Municipal Journal 4.8.2005 p 15), a significant rate of growth and profitability.

The Private Sector – Scale, Accountability, Influence Scale

Public sector markets have offered significant opportunities to the private sector since 1997 with spending on consultancy services rising from £600 million in 2000 to £2.15 billion in 2003 (Management Consultancies Association) making the public sector the single largest UK consumer of consultancy services. Spending on education alone rose by 6% a year between 2002-2004 in revenue terms and capital investment is set to reach £4.1 billion a year by 2006. The impact of the 2004 Spending Review and the implementation of the Gershon efficiency report will lead to a substantial personnel reduction in Whitehall, particularly in the Department of Work and Pensions and Education & Skills which will lead to further consultancy services, confirming central government's position as the largest single consumer of consultancy services.

Accountability

It is impossible from the published accounts to ascertain the detail of business turnover and profit from outsourced or intervention activity on the part of local or central government; it is impossible to isolate private finance initiative activity, particularly potential secondary market engagement on refinanced or repurchased capital, and it is, therefore, difficult to attribute 'profit' to specific turnover or activity. This leads to the issue of central government and the public reporting of financial transactions. It is impossible to quantify how much, in total, is spent by central and local government, schools or agencies on outsourced activity. Under the cloak of commercial confidentiality there is no vertical or structural accountability of what Rutherford (2003) termed a 'frontier market' in terms of cost, value for money or impact of outcomes.

The issue of accountability is, therefore, one critical issue which needs to be addressed, not just in terms of contractual performance but the societal issues raised by Freedland (2001), namely the triangular relationship between government, citizen and the private supplier of services. The absence of any direct link between the supplier and citizen in terms of

performance, with government removed from direct operational accountability and the inability, therefore, to enforce individual issues because service users are not 'customers' in a contractual sense, leaves government accountable for policy outline and exposed on the electoral or political relationship with the citizen, (Besby and Ghatak, 2003).

The House of Commons Select Committee 7th Report 29/6/2000 on the Role of Private Sector Organisations in Public Education was concerned about public accountability and commented that:

A theme identified by many who submitted evidence to us was the need for clear and effective lines of accountability. At this point, however, we state a principle which should underpin any consideration of the transfer of public education services to organisations working in the private sector. We recommend that the ultimate responsibility for the quality of service provided to users of the education service remain with locally elected representatives. This principle is at the heart of public accountability, and should not be compromised by the involvement of private sector organisations in service delivery.

(House of Commons para 23)

A key element in accountability is openness – and a publishing of key information. There is undoubtedly a level of secrecy surrounding private sector companies which is not compatible with public accountability but which, with a small amount of regulation, could be overcome. As an example, the careers service was contracted out but neither the DfES nor the Careers Service Inspectorate could identify how much profit the individual careers services are making. This information is not, apparently, collected because of commercial confidence. Whilst commercial confidence in respect of individual organisations is understandable it is in the public interest for aggregate data to be available. Public money is spent on the careers service yet there is no information nationally not even in percentage terms, about how much is spent on service delivery, how much on profit and how much on monitoring and evaluating provision. There is a similar lack of information around key PPPs and PFI projects – as well as the Department for Education and Skills key contracts.

The modernisation agenda has seen the emergence of a range of bodies, appointed, elected, selected; public/private and voluntary delivering services in the public sphere. There is, at present, no coherent pattern of accountability – to whom and for what and as Corry and Martin (2005) point out this raises the issue of ‘who should have the right to scrutinise whom, for what and how?’ The locking together of scrutiny and accountability should enable clarity about the latter if there is a clearer understanding about the former. Accountability in the education system is hierarchical, with power being devolved from the centre, i.e. the Secretary of State and public scrutiny therefore having a vertical dimension. Added to this is the issue of performativity and the targets and output measures placed on groups such as school governors or local politicians where close scrutiny of performance is, in effect, an accountability mechanism.

Given the Local Government Act 2000 and the duty to promote ‘community well-being’ a key issue is whether elected bodies, with their democratic legitimacy should have an oversight or leadership role in scrutinising all groups operating in the public realm, as there is in respect of health services.

Research suggests that local authorities need to reshape their relationships with service users and taxpayers and that the key considerations should include devolving decisions to neighbourhood level and developing new forms of relationship with citizens and service users, based on citizen and user co-operation and co-delivery of services whilst at the same time communicating more effectively with the public and ensuring good customer care, (Martin and Bovaird, 2005).

Influence and Individuals

The expertise, knowledge and experience of the private sector has grown by the recruitment of public sector employees and the consequent loss of ‘authority’ and skill base on the part of government, centrally and locally. This loss of competence accelerates when contracted out national functions – e.g. the national strategies – have outcomes which are publicly inspected and reported upon but over which the ‘inspected’, the LEA, has no influence over implementation and which leaves the private sector with contractual duty but no responsibility. Tribal Group claims to have recruited

twenty-five Directors of Education over the past three years; former Directors are key figures in every one of the major private suppliers. It is not only in operational expertise that the private sector has recruited. Having launched a new education business VT Group plc announced the appointment of Baroness Blackstone, a former Minister of State at the DfES, as a non-executive Director and in a press release said that 'Tessa Blackstone will bring to the Board a wealth of experience in government matters and in education', an area where VT is targeting a substantial expansion of their business.

GEMS the 'no frills' private education operator actively recruited a formidable array of advisers to their Board:

Sir Gareth Roberts, President, Wolfston College, Oxford, and Chairman of the GEMS Board.

Sir Mike Tomlinson, former Chief Inspector for Schools, Chair of DfES Working Party on 14-19 Reform, Chairman GEMS Advisory Board.

Professor John MacBeath, Chair of Educational Leadership at Cambridge University, Adviser to Unesco and OECD.

Nick Stuart, Director General Schools Policy, devised the 1988 Education Reform Act and Education Act 1993.

James Sabben-Clare formerly Headmaster of Winchester College and Chairman of the Headmasters' Conference.

Elizabeth Passmore OBE formerly Director of Inspection at OfSTED.

(The Times. 25.5.2005 p 3).

To underline the company's ability to recruit at the highest level GEMS has also secured the services of a group of 'special advisers,' including Lord Puttnam, Adviser to the DfES, Graham Able, former Chairman, HMC, and Sir Michael Bichard, former Permanent Secretary, DfES. The Board and special advisers have knowledge of and presumably access to the 'educational establishment'.

Meanwhile in 2004 Fergal Roche moved from GEMS to head up Business Development at VT; in 2005 Capita recruited Mark Pattison (former Director Blackburn) from Serco's Bradford operation to head up the new National Strategies Contract, working with Ian Harrison, former Director at Newham, competing with VT headed by David McGahey, former Director at Buckinghamshire, and Tribal's education operation led by Peter Simpson, former CEO at Brent. Meanwhile Sir Mike Tomlinson continued

his work at Hackney and in 2004 Tim Brighthouse was appointed a Non Executive Director of Research Machines, a leading ICT supplier. Organisational influence can also be seen in one of the ‘new’ Labour bodies promoting the modernisation agenda, the New Local Government Network, established in 1996 and funded in the main by the private sector. The network was described as ‘the provisional wing of the consulting and contracting sector’ (Beecham, 2002 p 5), referring to the published list of private sector partners within the NLGN including, inter alia:

Accord	Deloitte	Manchal Parkman
Amey	Fujitsu	Nord Anglia
BT	Ledra	Price Waterhouse Coopers
Capita	Interserve	Serco
CBI	KPMG	Tesco
Cambridge Education	Modena	Vertex

The influence of the NLGN within the Labour Government has been significant – and particularly so in education, with Dan Corry, a Director of the NLGN acting as Special Adviser to Ruth Kelly, Secretary of State, and previously holding similar positions at the DTI and the DTLR. The NLGN are in favour of more executive Mayors – a view argued by Lord Filkin, a former Labour Whip in February 2001 – who had been paid £129,000 for his services as a trustee of the NLGN in the previous two years. On the capital investment front, Apax Partners Holdings, Europe’s second biggest private equity firm has raised and advised on over \$12 billion of investment and has significant influence within government. Funds are not available to members of the public and in 2002 Apax published a vision for private equity and entrepreneurship which concluded:

‘north European countries will provide the most hospitable framework for entrepreneurs globally, with the Netherlands, Denmark and the United Kingdom filling the top three positions’.

(The double helix, Apax 12/6/2002 p 4)

Sir Ronald Cohen, a founding partner and Executive Chairman of Apax Partners Worldwide, Chairs the Social Investment Task Force, was a former member of the DTI UK Competitiveness Committee and is considered a supporter of the Chancellor, Gordon Brown.

The appointment of Mike Grabiner, a Director of APAX, to the Chairmanship of Partnership for Schools, a joint venture between DfES

and Partnerships UK to secure the 'Building for Schools for the Future Programme' by Ruth Kelly was announced in February 2005.

At the very centre of the group of key players exercising both organisational and individual influence is Sir Cyril Taylor, the Chairman of the Specialist Schools Trust since 1987, adviser to the past nine Secretaries of State, an active Conservative until 1997 when, upon appointment as adviser to David Blunkett, he resigned from the Party. A history of educational policy over the past twenty years would be incomplete without Sir Cyril, who has effortlessly moved from the establishment of the CTC Trust (1987) to advising Ruth Kelly on what Charles Clarke, as Secretary of State referred to as a 'specialist' secondary system. By 2005 2,382 secondary schools, 76% of the total, had specialist status and the Specialist Schools Trust's Sponsor of the year was named as Philip Green the owner of high street fashion retailer, 'The Arcadia Group', for his sponsorship of 50 schools with a contribution of £1.25 million, and £10 million in the first fashion retail skills 'Academy'.

Sponsored by over 45 of the largest businesses in Europe, with over 46 associate sponsors Sir Cyril, knighted by both Conservative and Labour Governments, is worthy of study. When a history of education policy is written Sir Cyril, who will take charge of the Academy programme, will be judged as one of the central figures of the latter decades of the 20th century – shaping philosophies, policies and perhaps politicians.

Meanwhile in Downing Street changes occurred in 2005 – a consulting company McKinsey's recruited Sir Michael Barber as 'global adviser on public sector reform' as Downing Street simultaneously recruited David Bennett, former partner – (McKinseys) to head the Downing Street Policy Unit.

Crouch (2003) argues that the nature of markets in education leads to government involvement (civil service involvement) in an intense lobbying process with, as already indicated, a small number of key players and he asserts that 'a small number of firms have enjoyed a far closer political relationship to ministers than have local authorities ' (p 48). It is clearly easier to deal with a private sector voice, anxious for contractual reward and therefore out to please, than a local government official able to

respond independently and constrained to report at a local political level the tenor of debate. There is a need for 'openness' in the process and subsequent reporting upon the award of government contracts and as an illustration the contracting in 1999 of Hay McBer to design the Payments by Results system for teachers at a cost of £3 million, without competitive tendering, would have been a breach of financial regulations in local government and was a breach of European procurement rules. It does, however, confer enormous power upon officials. This is critical when we have a situation where 85% of the inspection process of public education is carried out by private contractors, where the Primary and Key Stage 3 national strategies are privately delivered and where the vast majority of capital investment in state schools will be privately financed and delivered. That there is a 'closeness' between central government and the private sector which is unhealthy, worthy of investigation and united in opposition to the public sector is seen to be the case by many in senior positions in local government whose voices, even when raised, are ignored.

The Private Finance Initiative is an area within which, more so than in consultancy growth on the part of the private sector, critical voices have been heard – at both national and local levels.

Private Finance Initiative – An Overview

The Private Finance Initiative (PFI) was launched in the 1992 Autumn Statement by Norman Lamont, Chancellor of the Exchequer; with the specific objective of increasing private sector engagement in the delivery of public services. PFI is a form of public private partnership which combines a capital procurement programme and an extension of contracting out where revenue services are purchased from the private sector. Unlike the privatisation of a service the public sector has a substantial on-going role in PFI schemes – either as purchaser, commissioner or enabler.

In 1993 the new Chancellor Kenneth Clarke, MP established a Private Finance Panel to promote actively the role of the private sector in the public sphere and in a speech to the CBI reaffirmed the two central guiding principles of the PFI as being that the private sector must genuinely assume risk without the guarantee by the taxpayer against loss and that

value for money must be demonstrated for any expenditure by the public sector. (HM Treasury News Release 118/1994)

However, Clarke added three qualifications to the two principles when he addressed the conference, insisting that the private sector would be the main source of capital growth, that the Treasury would not approve capital projects unless private finance options had been explored and that for projects within the PFI remit no target rates of return or profit caps existed or would be introduced.

In 1995 Clarke announced a £9.4 billion list of PFI projects in his budget report and argued that civil servants had to enable a more favourable climate for the private sector across Whitehall.

Following the election of a Labour government in 1997 the Paymaster General, Geoffrey Robinson, MP, commissioned a review of the PFI led by Malcolm Bates. The review was completed within six weeks and made 27 proposals to speed up the PFI process – some of which, the creation of a task force was implemented within two months. In the first report from the Taskforce, the government's message was clear:

The success of PFI is vital for Britain. Our infrastructure is dangerously run down. Our schools and transport networks are seriously neglected and all too often urban environment has been allowed to deteriorate. In an age of tight public spending, value for money public/private partnerships will be at the heart of a much-needed renewal of our public services.

(Robinson, G, Treasury Taskforce 1998, p 1)

A further review of PFI by the now Sir Malcolm Bates was completed in July 1999 and the principal recommendation, the establishment of 'Partnerships UK' to further the work of the Treasury Task Force was agreed. In September 1999, Alan Milburn, MP, in a speech to launch the IPPR Commission into Public Private Partnerships, (20/09/1999) set out the Government's position in clear unambiguous terms:

Let me say at the outset that partnerships between the public sector and the private sector are a cornerstone of the Government's modernisation programme for Britain. They are central to our drive to modernise our key public services. Such partnerships are here and they are here to stay.

Our ambition is not to undermine our public services but to modernise them. We have developed new levers to bring about reforms, league tables. Inspections, targets, sanctions, rewards. Partnerships between the public sector are a further lever for change. They are part and parcel of our new modernisation approach.

There is huge international interest in the UK's approach to developing partnerships between the public and the private sectors. It is an area of public policy where the UK leads the world. Over 50 countries have consulted the Treasury about the PFI. Some, like Italy, Holland, Ireland and Japan, are following us in the way we organise within government to deliver partnerships. Some are legislating to enable PFI to happen.' (p1).

Interestingly paragraph one confirms the essential nature of the private sector to the modernisation project, paragraph three confirms the link between modernisation and performativity and the final paragraph the global interest in and nature of venture capital. By June 2000 Partnerships UK was established to replace the projects arm of the Treasury Taskforce and in March 2001, became a public private partnership with a majority stake held by the private sector. The shareholder list indicates the breadth and interest of the private sector in a venture designed to accelerate the development, procurement and implementation of public private partnerships.

<u>Company</u>	<u>%</u>
HM Treasury	44.6
Uberior Infrastructure Investments Limited	8.8%
The Prudential Assurance Company Ltd	8.8
Abbey National Treasury Services plc	6.7
Sun Life Assurance Society plc	6.7
Barclays Industrial Investments td	6.1
The Royal bank of Scotland plc	6.1
The Scottish Ministers	4.4
Serco Ltd	3.3
GSL Joint Ventures Limited	2.2
Boldswitch Ltd (The British Land Company)	2.2

Source – Partnerships UK www.partnershipsuk.org.uk (2005)

The company has a public sector mission.

To support and accelerate the delivery of infrastructure renewal, high quality public services and the efficient use of public assets

through better and stronger partnerships between the public and private sectors, (p 1).

In essence Partnerships UK works with public sector groups to deliver PFI/PPP and also advises and supports central government in areas such as contract standardisation and emerging best practice.

In parallel the Government had established the 'Office of Government Commerce' in April, 2000 to take over the work of the policy division of the Treasury Taskforce, principally charged with modernising procurement in the public sector and leading for the Government in European and International debate on procurement. It is within the OGC that the Private Finance Unit was placed to develop, promote and advise on the use of private finance. Chaired by the Chief Secretary to the Treasury the Supervisory Board of the OGC included nine Permanent Secretaries, the Chairman of the Inland Revenue and the Chief of Defence Logistics, MOD – clearly a Board the Government viewed as critical to their public investment strategy.

By September 2001 450 PFI projects had been agreed, with a total value of £20 billion and the Financial Secretary to the Treasury, addressing the Global PPP/PFI Conference in Dublin praised the virtues of the private sector:

Partnership between the public and private sectors are driving a resurgence of the idea of public services. Private sector ideas, private sector efficiency, private sector investment, are helping us to rebuild the partnership between the government, the tax payer, and the citizen. (Boateng, 2001, p 1)

He continued:

We need to instil in the public sector the virtues of efficiency in procurement, investment and delivery. In short, we need to instil in the public sector the practices that drive the growth and development of the best companies.

I do not need to tell you about the benefits that PPP can bring. I do not need to tell you about:

The commercial dynamism, innovation and efficiencies harnessed through the introduction of private sector investors

The way that PFI and other arrangements harness private sector management skills by putting private sector capital at risk

The benefits of competition for government business – a process of dialogue that drives down costs and ensures risks are distributed to whoever are best placed to bear them.

How PPPs force the public sector to define the outputs they require, and in order to do so, engage with stakeholders more constructively than ever before.

(Boateng, 2001, p 4/5)

The language is clearly weighted – ideas, efficiency, virtue, commercial dynamism, innovation, skills belong to the private sector whereas the public sector has to be ‘forced’ to define outputs, have instilled the virtues of procurement, investment and delivery and adopt the efficiency practices of the best companies.

However, in a curious reference to Thatcherism, Boateng went on to say that:

Some people will say that this is the old project, this is rolling back the boundaries of the state. They are wrong.

We are not rolling back the boundaries of the state, we are rolling forwards the performance of the state, public and private sector, hand in hand, facing the new economic realities and delivering the services people have the right to expect.

(Boateng, 2001, p 9)

There are those who could argue that this was, indeed, the ‘old project’ launched some nine years earlier by Lamont. The boundary definitions of rolling forward the performance of the state had been set out in 2000 when the publication by the Government, ‘Public Private Partnerships – the Government’s Approach’ defined public private partnerships as operating within three categories. Firstly the introduction of private sector ownership into state-owned businesses, using the full range of possible structures (whether by flotation or the introduction of a strategic partner, with sales of either a majority or a minority stake. Secondly the Private Finance Initiative (PFI) and other arrangements where the public sector contracts to purchase quality services on a long-term basis so as to take advantage of private sector management skills incentivised by having private finance at risk. This included concessions and franchises, where a private sector partner would take on the responsibility for providing a public service, including maintaining, enhancing or constructing the necessary infrastructure, and finally selling Government services into wider markets

and other partnership arrangements where private sector expertise and finance are used to exploit the commercial potential of Government assets. Having noted that Public Sector investment had fallen by an average of 15% each year between 1991-92 and 1996-97, and that this translated into a significant decline in capital investment (H. M. Treasury, 2003) PFI – meeting the Investment Challenge p 14) the government set a target of 2.1% of Gross Domestic Product going into funding sustained investment in the infrastructure of public services with the level of actual spend set to rise from £4.9 billion in 1997 to £47 billion by 2005/06. The majority – 85% of this would be traditionally procured public investment, with PFI investment rising from 10 to 14.5%.

The Labour Government's economic strategy sought, therefore, to establish a long-term approach to the planning of public expenditure and separating capital and revenue streams to cease the option of financing current expenditure at the expense of capital investment.

There are, broadly three reasons why the PFI is attractive for government. Firstly that the PFI could be used in place of public sector borrowing and that the PSNCR – (formerly the PSBR) which is a measure of a government's fiscal prudence does not account for 100% of PFI borrowing, therefore 'off balance sheet' accounting is attractive and the true scale of borrowing is hidden. Secondly the government has perceived public sector management as inefficient and ineffective and PFI brings private sector skills to the fore and thirdly because under PFI the 'risk' is shared – if contractors fail to perform to the agreed specification they don't get paid. The PFI has been consistently opposed by trade unions because they argue that in the long term costs are higher than traditional government borrowing or by the sale of bonds; that public assets – land and buildings should not be placed into private sector ownership; that public facilities should be managed for people and community use not always profit, and finally that the transfer of public service staff to private enterprise usually on worse conditions of service and salary is unacceptable. Within the Labour Party PFI has been equally controversial, and in 2001 Blair describes a debate at Labour's Spring Conference over PFI as battle between

‘reformers and wreckers’. The central issue was about public sector workers and the ‘services’ element of PFI, as Prentis from Unison stated:

we have low paid women workers, eulogised from the platform by Ministers but under PFI they are sold as commododities to the lowest bidder.

(Socialist Worker 5/10/2002 p 1)

On 17th December 2004, the Guardian newspaper reported the accusation from the Centre for Policy Studies, a right leaning think tank, that the government had misused the private finance initiative and created a public sector liability of £130 billion over the next 25 years and in similar vein Cohen (2004) commented that ‘in the long run PFI is like borrowing on a credit card rather than taking out a bank loan’ and that ‘the PFI is an – Enron style off balance sheet accounting scam’. (p29)

The refinancing of private finance initiatives is growing in significance – with the debt market rising from £4.9 billion to £8.2 billion and refinancing increasing to £1.5 billion from £487 million, a view supported when the Local Government Chronicle, (27 February 2004, p13) – reported that PFI was ‘a huge part of the Government’s infrastructure investment programme’, and as such, ‘was increasingly seen as an attractive investment opportunity for council pension fund managers’.

The capital investment in public infrastructure has seen significant growth since the election of a Labour Government in 1997 and the projects being delivered through the PFI route had risen by 2004/05 to £43,544 million. Tables 5 and 6 (Appendix One) indicate the scale of capital development and the growth of the Private Finance Initiative since 1997, (Partnerships UK).

Given the data, the evidence and the issues raised in this Chapter there is clearly a need for new systems of public accountability and scrutiny to be developed to respond to the growing role of the private sector in public education. This addresses, in part, the second key question set out in the introduction to this dissertation, page 9 and further considered in Chapter Five, pages 129 to 158.

CHAPTER FOUR: Data Collection: PFI Policy implementation.

Case Study – Stoke-on-Trent - Key Players

As set out in the synopsis and the introduction an illustrative case study was undertaken to examine the national/local interface on a critical aspect of the modernising agenda. The City of Stoke on Trent was chosen for no reason other than it was known to the researcher and that the dissertation would be improved by the investigation and analysis of the local phenomena in terms of the Private Finance Initiative by the trust of all participants in the interviewer. It does not as indicated earlier, conclude that the use of private capital is appropriate or otherwise but it does, in a unique contemporary narrative, report faithfully upon local process and central governments dependency upon local actors to bring the 'play' to life.

As a central feature of the case study interviews were conducted with a senior Councillor, John Beech who was a driving force behind the PFI and signed the contract, the Director of Education and Lifelong Learning, Nigel Rigby , a Senior Education Officer who was responsible for the PFI project, Mike Inman, the General Manager of 'Transform Schools – Mike Hudson, Derek Gray, a retired secondary Headteacher who was, and continues as the leader of the Professional Associations in Stoke-on-Trent and Ann Barber, the Headteacher of an Infant School refurbished as part of the PFI. In addition to these formal interviews a small number of informal telephone conversations with two civil servants from the Department of Education and Skills took place. A major disappointment was the unwillingness, (despite an earlier agreement), of a senior civil servant to be interviewed and go 'on the record' or be quoted anonymously although he was prepared to discuss his perceptions of the Private Finance Initiative in education generally. The interviews were conducted in the Civic Centre at Stoke-on-Trent by prior appointment. Before the interview the interviewees were informed about the nature of the interview, the purpose and the form the interview would take and asked whether they wanted to be 'on the record' or quoted confidentially. These issues were rehearsed again prior to the start of the actual interview. All interviewees were content to be 'on the record',

however, in every interview we ranged into 'off the record territory' – from talking about 'Academies', to Ministers of State and other national and local personalities. These areas are deleted from the transcript.

The form of the interview was semi-structured, recorded and notes taken and the tapes were subsequently transcribed.

The interviews produced rich data which enabled the researcher to begin to understand the complexity of the PFI project and address the 'why', 'how' and 'despite' issues involves.

The beginning – events to December 1996

In 1996 David Blunkett, MP and Peter Kilfoyle, MP visited Stoke-on-Trent as part of their preparations for the general election and the writing of Labour's education manifesto. In particular Blunkett and Kilfoyle were seeking suggestions about improving the attractiveness of the Private Finance Initiative and were keen to explore ways of funding future investment through off balance sheet projects, using private funding, without such investment having an adverse effect on the Public Sector Borrowing Requirement (Stoke-on-Trent Education Committee Report 19/12/1996). A commitment was given by Peter Kilfoyle M.P. that soundly based, practical proposals would be incorporated in the Labour Manifesto and subsequently in an Education Bill.

As Councillor Beech recollects:

During the later part of 1995 we invited David Blunkett and Peter Kilfoyle who was then the Shadow Secretary of State and the Shadow Minister for Education to come to the city. We knew when we took over in 1997 we would be the lowest funded unitary authority in the country, Staffordshire was the lowest funded County Council and we were to get a straight forward 25% of their budget. We were inheriting a basket case, basket case of Special Education Needs, and especially with the stock we were inheriting. We estimated then that we had a minimum of £200 million needed to be invested in our schools just to bring them up to reasonable standards. We're not talking new build we were just talking about patch and mend.

We asked David Blunkett and Peter Kilfoyle if they could help us. We would be willing to be a pilot for any scheme they could think of. In 1996 I was invited down to the House of Commons to a meeting took place with Peter Kilfoyle who was then the Shadow Minister for Education. With him he had a senior officer for the Department for Education & Science, he also had 3 people from the 4Ps and

some bankers who wanted to talk to us. There were six authorities invited to that meeting. Peter Kilfoyle put his cards on the table and that if or when they got into power we will be continuing the PFI regime, and the simple reason is we are looking for European convergence, therefore we need the capital projects off the balance sheet to reduce public spending.

It is worth noting that the off balance sheet accounting for PFI was seen, in 1996, as an attractive option and this underlines what was to subsequently turn out to be part of Labour's disciplined approach to on-balance sheet public expenditure. The dialogue with local authorities in 1996 was also consistent with extensions to the range of permissible Private Finance Initiative (PFI) schemes – in particular, the encouragement of DBFO (Design, Build, Finance and Operate) projects for the replacement or upgrading of existing facilities (building Replacement Scheme) which had introduced a mechanism by which a local authority could be guaranteed a level of revenue support in future years of a scheme.

This involved allowing a local authority to purchase a capital intensive service (e.g. a new school) from a private sector provider over the period of a long term contract. The authority would pay for the service as and when it was received, in amounts set in the contract, with payments depending on the contractors' performance and/or the usage of the service. The contractor would then take responsibility for the investment in the capital asset, finance the investment and then manage the facility to the level of service specified by the local authority. In effect, this involved the private sector taking the business risk of committing to the investment required to supply the service, in return for the contracted level of payments. PFI was seen as having the potential to address the capital funding of new schools and larger scale repairs. However, it was doubtful at the time whether it could provide a solution for the massive backlog of repairs affecting schools in Stoke-on-Trent, as perceived by Councillor Beech and confirmed by the Director of Education and Lifelong Learning in Stoke-on-Trent, Nigel Rigby in his first interview:

'We had a massive backlog of repairs ...our condition survey showed us to have a desperate need, and we had to solve it somehow. The Members before Labour was elected had gone down to London to talk to the Labour Party.... the Members had had some vision and I pay tribute to them, because they laid the ground

work... when the Labour Party was in government, it became possible, to try an innovative PFI, the door was open. That was the genesis.... there was quite a visionary approach from two or three local labour members actually.

In order to qualify for approval the local authority had to demonstrate a number of factors, most notably that the project provided value for money, was cost effective and that there was a transfer of risk to the private sector. A meeting took place at the House of Commons on the 7th November 1996 between Members and Officers from Stoke-on-Trent, Enfield, Haringey and Newcastle-upon-Tyne with Peter Kilfoyle MP to explore practical issues around PFI.

As Councillor Beech recalls:

I made it quite clear that there was no way it would get Stoke on Trent and virtually every other authority to go down the traditional PFI model and he wanted to know why. I said there is no way we will relinquish ownership of our facilities and also all the best value and everything else that has been going on the regime we have good value for money services. Don't forget schools can purchase off at the moment who ever they like.

Eric Wood:

You made a political decision that whatever happened here the buildings would not be handed over to the private sector and you wouldn't privatise the workforce?.

Councillor Beech:

Exactly. They were the two fundamental things for me to persuade the Leader and Deputy Leader at the time and the Chair and Shadow Chair Terry Doughty that we should be going down this route. Those were the conditions. If they wanted a PFI fact finder then we would look at new ways.

Having set out two clear preconditions for any PFI in Stoke-on-Trent in what was described by Councillor Beech as a 'robust fashion' the meeting with Peter Kilfoyle MP ended with agreement that a further meeting would be held to discuss a range of issues, including the type and scale of outstanding repairs and the extent to which the repairs could be accommodated through existing approvals and resources, in particular whether there was scope for the repairs to be financed through PFI and off balance sheet accounting. There would also be consideration as to the level of interest the private sector would have in schools in Stoke-on-Trent as a result of their investment and whether the private sector would wish to deal directly with an individual school or with the local authority including

discussions about whether Grant Maintained schools would be in a position to offer security and guarantees against investment in the school.

In December 1996 the Education Committee authorised the Chair and Vice Chair to proceed further with discussions (Stoke-on-Trent Education Committee Reports, 19/12/1996).

The next twelve months – to December 1997.

Stoke-on-Trent became a Unitary Authority in 1997 and inherited the education responsibilities from Staffordshire County Council, including 122 schools, associated buildings and staff. The City Council was the only Unitary Authority in Staffordshire, with a population of 239,000, the second lowest Council Tax per household in the United Kingdom and a Revenue Budget of £263.5 million to deal with the fifteenth most deprived area in the country. As Councillor Beech reflected:

We took over control in 1996 as a shadow authority sixty-nil the city. Sixty councillors and we won every seat it was the worst thing that ever happened. The local media and everybody else, the far right was saying that it was non democratic and I do agree. Even then to what we have now it really is politically incorrect in the city. We had far more opposition from our own men that we have ever had by the opposition group.

The New Labour Government elected in May 1997, reaffirmed support for a PFI in Stoke-on-Trent as it appeared to be the only project within which repair and maintenance issues across a whole school system could be addressed. It was also estimated that around £50 million was required to address the problems caused by a lack of investment resulting in inadequate heating, poor energy efficiency, leaking roofs, crumbling window frames, and spalling concrete (Property Services Committee Report, 9/9/1997). A minimum expenditure in the order of £25 million was seen to be essential, however, the levels of finance available to the City Council to address these issues were considered insufficient. It was also believed by Councillors that the environment of schools was a major factor depressing the achievement of children in schools.

As Councillor Beech commented:

We thought how can we get more out of our children when the buildings they live in are better buildings than they are being educated in. So how can you raise

their aspirations when you are asking them to come into some of the buildings we are. So that was one aim to raise parents and pupils aspirations for achievement.

In February 1997, the City Council received confirmation of a successful bid for a GEST (Grants for Education Support and Training) amounting to £65,000 in order to develop a pilot scheme under the terms of the PFI previously approved by the Education Committee, (Minute 39, 19/12/1996). This allowed the Council to begin work on radical proposals to cover all of its schools – a new departure in that PFI projects had previously related to one specific building project. The proposal was based on an energy management project involving the upgrading and maintenance of heating equipment, supply of power and improvements to the fabric of teaching/working areas that could be linked to energy conservation – including attention to roofs, windows and doors together with other relevant parts of the building fabric. General condition surveys had been carried out to ten schools (as a sample) and detailed surveys were underway to look at energy systems and savings initiatives.

The original concept of building a PFI project around energy efficiency came from two sources – Councillor Terry Doughty who was active in promoting Local Agenda 21 and two young consultants who had just founded ABROS, a financial firm which had been active in a project in Paris where energy efficiency in public buildings was the key theme. Nigel Rigby, the Director of Education recalled that:

they suggested hanging it, the Private Finance Initiative, on an energy efficiency ticket originally so what you would do is reduce energy consumption... make the fabric of buildings thermally secure.... Ministers liked that.... I was lucky with my consultants.

Nigel Rigby believed that another success factor was the low cost charged by ABROS – who wanted to build their reputation on the back of the Stoke-on-Trent project and combined enthusiasm with low costs, thus winning the consultancy against the longer established PFI advisory companies. It was suggested by Nigel Rigby and others that the consultancy costs of procurement were just over 1% for the whole project which was (and is) very low by industry standards where costs range from 2 – 4 per cent. By September, 1997, the City Council's three key Committees, Property Services, Education and Resources had approved the broad outlines of a

PFI project and the central features of the processes to be followed – all within seventeen weeks of the Council taking over responsibility for education.

During that time several meetings had taken place with the Department for Education and Employment and 4Ps (Public Private Partnership Programmes Ltd) and an application had been made by the Authority to seek Pathfinder Status which involved the development of an Outline Business Case and (due to the size of the potential contract) the publication of a notice in the Official Journal of the European Communities (OJEC). Approval was obtained in September 1997 for £250,000 under the New Deal for Schools in order to finance detailed surveys of the works required in all 122 schools, (Reports to Resources Committee, 12/9/1997). The financial principles of the scheme were also emerging and these included the use of a Route 1 PFI contract to attract Government borrowing approval and an addition to the capital financing elements of the City Council's Standard Spending Assessment, although the annual costs of the contract would have to be met through budgets delegated to schools – accordingly, schools would need to surrender part of their budget in order for the scheme to proceed. It was also considered that any funding gap would have to be met by the City Council and that the contract would need to be sufficiently large to attract private sector interest – at least £10 million, (Report to Stoke-on-Trent Resources Committee, 12/9/1997).

The Council instructed Officers to ensure that Headteachers, Chairs of Governors, the Diocesan Authorities and representatives of teaching unions should be briefed and a consultation group was established which involved all stakeholders. This group was formally established on 11th December 1997, and was made up of Councillors, Senior LEA Officers, Headteachers, Diocesan representatives and School Governors.

Behind the scenes the Labour Group had given the Director of Education and his officers five fundamental principles which had to be met for any PFI to be successful, as Mike Inman, Education Officer recalled:

The first one was that it happened with the whole estate, including the V.A. sector and it had to be relatively neutral to the Council's budgets.

The ownership of public buildings must not transfer and it had to be relatively neutral to school budgets.

There should be no transfer of City Council staff to private companies.

Councillor Beech confirmed the unwritten advice:

It was surprisingly wasn't that difficult to persuade 98% of our Councillors at the very start to go down this route. We said we would not sign, we gave an undertaking we would not sign, we had fundamental principles that if we can't go any further we would go around town and say thank you very much, we've not lost anything, the government was going to fund the majority of the start up costs of the consultation.

The five principles were also signed up to by the Professional Associations, as Derek Gray, the convenor of the Teachers' Joint Consultative Committee recalled:

Eric Wood:

When they started Derek, it seems to me that politicians made two key decisions early on. One that they would not hand over buildings and land to the private sector and two that they wouldn't transfer services provided by the city to the private sector. How far were teacher unions involved in that discussion and debate or was just a fait accompli?

Derek Gray:

Well at that particular point we had an Education Committee and five of us were on the Education Committee and we were party to that decision and we supported that issue that in no way must we lose ultimately our inheritance, in terms of losing buildings and resources etc to private companies. It was never an issue that that should happen, and so what happened was when this was all over everything still remained the property of the City of Stoke-on-Trent. We had lovely new schools

During 1997 the technical work on preparing to move the project forward carried on at a pace and officers had arrived at a position where it was anticipated that a Joint Venture Company would be established in which the City Council would hold a 19% stake and that a contract would be entered into for 25 years with the City Council making an annual payment of £7 million in exchange for the company delivering an agreed level of repairs and energy management incorporating a capital investment of up to £100 million in the school estate. The City Council would have the ability to reduce the annual payment depending on the contractor's performance, (Policy Committee Report, 8/12/1997).

A number of key complexities had already been identified by Officers

Including an uneven funding spread – whereby for the first seven years the City Council would benefit in that the Rate Support Grant would exceed the funding requirement by a substantial amount but for the following 18 years the funding would fall short of the commitment by an increasing amount. There was also concern over the ability of the Direct Labour Organisations and the Direct Service Organisations to become involved in the scheme; the extent to which revenue funding could be guaranteed and the need for the contractual arrangements to be finalised in readiness for the 1998/1999 financial year. An Outline Business Case in support of the PFI Proposal had been prepared in draft form and was due to be submitted to central government in December 1997 following the meeting of the Policy Committee on 8th December 1997 with a view to obtaining their approval. A number of constructive challenges to the Outline Business Case were, however, made by members of the PFI Management Group and the Council's Policy Committee including questions relating to the impact of the proposed scheme on the City Council's workforce and, in particular, whether the provisions of TUPE would apply; the process to be employed for selecting the order in which schools might benefit from the scheme and the likely disruption caused to the education of children and the timescale of work to be undertaken at each school. (Stoke-on-Trent Policy Committee 8/12/1997: PFI Management Group, 11/12/1997).

The DfES had also highlighted a number of issues following their consideration of the draft business case - including a requirement for the Council to provide sufficient evidence of the involvement of first class consultancy services from the private sector, an assurance that the system of communication and reporting to City Council Committees would be included in the case and a statement confirming that the PFI Management Group was accountable to the Council's Policy Committee.

The DfES also wanted clarification of the fact that there was risk transfer to the private sector and explanations for choosing to establish a Private Venture Company as the appropriate vehicle for the PFI proposal together with an appraisal of the alternative models that might be available to the Council.

The key issue raised by central government, that of support staff services being part of the overall contract, was consulted upon by the Council with the outcome, that:

The inclusion of soft services would not receive wide-spread support from a large proportion of governors and Headteachers, with the potential that many schools would not participate. The contract services Direct Service Organisation (DSO) which provided a number of these services was perceived as being the provider of an efficient cost-effective service.

(Unison (a) March 2001 p 7)

As a result of consultation, meetings of the Labour Group and on the advice of Officers, the Outline Business Case submitted to the DfEE in December 1997 did not include ancillary services. The trade union, Unison, saw the Stoke-on-Trent case as an important example of how a local authority could approach the issue of support staff on the terms set down by the government and still remain the employer of staff, (Unison, (a) March 2001).

1998 – Issues begin to emerge

In January 1998 three key meetings took place – the PFI Management Group (15th), the Resources Committee (16th) and the Policy Committee (19th) at which concerns about the PFI were beginning to emerge. Of particular significance was the potential impact of the initiative upon the Direct Labour Organisations and the Direct Service Organisations, the issue of revenue support for Voluntary Aided schools and the process for selecting a private sector partner. The Policy Committee meeting on 19th January agreed that of the 14 consortia who had expressed an interest in the PFI project, eight should be invited to the next stage – an ‘Invitation to Submit Outline Proposals’, (ISOP) which had to be completed by 20th February 1998. Whilst the Committee dealt with this item in private a number of interviewees commented upon the critical and questioning stance taken by Councillors in the criteria used by Officers to rank the bidding consortia. By 20th February seven bids were received and over three days presentations were made by each bidder to members of the

Policy Committee and the PFI Management Committee. The presentations were assessed using a (confidential) process against ten specific criteria:

- General understanding of the City Council's PFI Scheme
- Willingness to enter into a true partnership arrangement
- Willingness to negotiate a contract that would allow for phasing and flexibility for its duration
- Benefits to the local community
- Understanding of and proposals for working with schools
- Staffing structures to deliver the contract locally
- Proposals for raising the capital needed
- Understanding and thoughts on risk transfer
- Optional elements – e.g. security ideas
- Innovation that could be brought to the scheme

(Stoke-on-Trent Policy Committee, 19/3/1998)

By combining the Officer/Consultants evaluation of written submissions and the assessment of Presentations, it was decided that four bidding consortia be invited to enter into more detailed negotiations. Between April and July 1998, the City Council progressed matters to the stage that they were ready to issue a formal invitation to negotiate to the potential contractors. However, prior to proceeding to that stage, the approval of the DfES, and the Treasury task force was required. The City Council had argued that their proposals complied with the Private Finance Initiative regulations which required Private Finance Initiative contracts to be based on the provision of a service or services – in this instance, the provision of energy and water and the provision of serviced accommodation. In order to meet the required standards of comfort and availability of accommodation the contractor would be required to invest major sums in the repair and maintenance of schools.

Over this period, concerns had been expressed by the DfES and the Treasury Task Force in relation to the proposals – on the grounds that they did not consider that the service aspects of the proposed contract were sufficient. Set against these concerns, there was a very important issue namely the power of schools in choosing their service provider and their recent poor experiences of some private sector providers under the Compulsory Competitive tendering regime, as a result of which they did not wish to be constrained for 25 years, (the duration of the proposed contract)

and expressed a strong preference to retain the existing flexibility of awarding contracts or taking out Service Level Agreements with City Council service providers. At a later date this issue of service providers – a fundamental political principle on the part of the City Council from the outset would resurface – at this stage the DfES and Treasury Officials were probing, raising doubts and attempting to change the minds of Councillors and Officials according to the evidence from the research interviews carried out and the reports considered by the Policy Committee on 20th July 1998. Having reviewed the existing services offered to schools the Director of Education reported to the Policy Committee on 20th July 1998 to the effect that:

Grounds Maintenance – Schools had experimented with a private sector provider and had generally decided to move back to the City Council service provider (DLO). It was therefore recommended that this service be excluded from the proposed contract.

Catering – Schools were broadly content with the quality of service that they were receiving from the City Council service Provider and the inclusion of this service in the proposed contract would not have much impact on the provision of serviced accommodation.

Cleaning – The City Council service provider (DLO) provided the cleaners, and appointed and managed them under a service level agreement with the schools. Headteachers had made it clear that they valued highly the cleaning workforce who were often prepared to work flexible hours, work longer than their contracted hours and were extremely dedicated to the schools generally. The Headteachers did not have any confidence in a private sector provider being able to provide a similarly valued service. As a result of all of these factors, the City Council concluded that it would be inappropriate to include cleaning within the scope of the proposed contract.

Caretaking – It was concluded that there would be a need for caretaking staff to serve both the contractor and the school but in the final analysis the headteacher would be required to continue to manage the caretaker on a daily basis for a wide range of purposes. Any transfer of employment of caretakers to the private sector provider would be unacceptable to schools, the caretakers themselves and the trade unions. Caretakers were seen as

being of vital importance to the smooth running of the school and that schools would not agree to the smooth running of the school and that schools would not agree to conceding management of caretakers to the private sector provider. Therefore, caretaking should be excluded from the proposed contract.

Given the significance this issue was to assume later the critical paragraph of the Director's report to the Policy Committee is worth noting.

For several months officers have resisted pressure to include a range of facilities management services within the contract, i.e. cleaning, caretaking, catering and grounds maintenance. We have refused to do so because this would be acceptable neither to the City Council nor to the schools. However, some compromise must be reached in order to gain acceptance for this contract. This report suggests that the best way forward is to link with the PFI contract a service that is not yet offered by the City Council, thereby placing no existing jobs or services in jeopardy. The cook-chill contract currently fulfilled by the County Council would meet this requirement. It would also be acceptable to schools.

(Stoke-on-Trent Policy Committee Report, 20/7/1998)

He went on to say that:

The possible disadvantages for one part of the Contract Services Organisation must be weighed against the enormous potential advantages of a major investment programme in schools in the next quarter of a century. This is desperately needed and would result in significant front-loading of the investment in the earlier years of the contract. The total value of the contract is estimated at £185 m at current prices and, leaving aside payments for energy and other ancillary services, would nevertheless represent investment in the repair and maintenance of school premises of approximately £130 m. Of this amount up to £100 m would represent new money, which the City Council has no other way of obtaining. The ultimate prize of this contract is that the annual level of investment in school premises would be approximately 5 times greater than it currently is.

(Stoke-on-Trent Policy Committee Report, 20/7/1998)

Clearly, Nigel Rigby, the Director of Education had held a principled position in debate with civil servants on service provision – supported by the alliance between schools and the Council – who had established their own localised performativity measure, i.e. we know what standards we want and they are being met! The cook-chill contract was duly surrendered and during the period between August and November 1998 detailed submissions from the four private sector bidders were invited, received and preliminary evaluation undertaken by officers.

A new year beckoned – 1999

The four bids to secure the contract were scrutinised by Teacher Unions, Headteachers, other Unions and other stakeholders in January 1999, prior to presentations by the companies to the Policy Committee. Extensive evaluation of the bids had been carried out by Council Officers working in three sub-groups looking at financial, contractual and methodological issues.

Having considered the representations and having taken advice from the Director of Education two companies were selected to proceed to detailed negotiation, prior to their 'best and final offer' being submitted. Following this decision by the Policy Committee on 26th January 1999 it became clear by late February 1999, following a report to the Resources Committee from the Director of Finance, that 'Best and Final' Offers would be submitted by mid-April 1999, prompting further evaluation and appointment of the preferred provider by the end of May 1999. This would enable the project to be finalised by July 1999, and then scheduled for further approval by the DfEE in August 1999 ensuring that work could be scheduled to commence in schools in September 1999. It was agreed that capital works to deliver the output specification standards would be achieved by the end of the fifth year of the contract, with the service aspects of the contract, (i.e. energy, lighting and heating, maintenance etc) being operative for the remaining 20 year term of the contract and that the notional initial cost of the project would be £125m (i.e. the total cost for both capital works and services). Officers had undertaken financial modelling resulting in estimates for the total costs of the scheme over 25 years, long term interest rate changes, and a payment mechanism that penalised the contractor where the output

specification had not been achieved, with the scheme incorporating the requirement of PFI schemes relating to the transfer of risk to the private sector with the contractor assuming complete responsibility for the service aspects, price risks in procuring necessary resources and materials and an acceptance of increases in energy costs and strict achievement of the output specifications of the contract failing which penalties and deductions would be imposed. Councillors noted that the total project costs of £125m would be financed from three separate sources:

A PFI credit approval issued by the Government for the capital works of the scheme amounting to £75 m.

A capital grant from the Government and a contribution from Voluntary Aided schools covering those Voluntary Aided capital elements that were not the responsibility of the City Council – totalling £4 m.

The City Council's existing revenue budgets – either centrally retained or delegated to schools – amounting to £46 m.

(Stoke-on-Trent Resources Committee, 26/2/1999; Policy Committee, 22/7/1999).

Finally of critical importance was the fact that unlike all other PFI proposals, services such as caretaking cleaning, ground maintenance and catering had been excluded from the scheme. In order to achieve this, a Value for Money exercise had been undertaken by external consultants in early 1999. They had concluded that the private sector could not provide these services more effectively than the City Council's in-house provider. This report had been approved by the District Auditor but was yet to be accepted by the DfES.

The Battle Over Services

The issue of the transfer of services to the private sector was one of the defining arguments between the City Council, supported by Headteachers, Governors, Unions and Teachers and central government.

The DfES demanded that the Council should demonstrate unequivocally that in-house (public sector) provision would be value for money and delivered more efficiently than a private sector operator. That this should be required reflects the thinking of civil servants that value for money and privatisation were synonymous.

In his report to the Resources Committee (26/2/1999) the Director of Education Nigel Rigby confirmed that:

As stated previously, this project does not conform to the conventional form of PFI, being very innovative in nature. This is particularly the case for the reduced facilities management element of the scheme. Certain services, namely caretaking, cleaning, ground maintenance and catering have been excluded from the scheme. Under more conventional PFI proposals, these services would be included as an integral part of the facilities management operation. To justify their exclusion to the DfES, it has been necessary to undertake a separate value for money (VFM) exercise, conducted by an independent consultant. The purpose of this is to demonstrate that cleaning, caretaking, etc are more cost effectively provided in-house by the Education Department and Contract Services DSO. This would then preclude the need for them to be incorporated in the PFI contract. Symonds, an independent facilities management consultant recently finalised the exercise, which clearly indicated that the private sector could not provide these services more cost effectively thereby justifying their exclusion and demonstrating VFM. Since the exercise has had to be a theoretical one, the DfES has insisted that Symonds' methodology and assumptions be verified by the District Auditor. This has now been completed and the District Auditor is satisfied with the approach and outcome. As a result of this process, a letter confirming the DfES's

support for the exclusion of these services is expected in the near future.

(Stoke-on-Trent Resources Committee 26/2/1999)

Behind the scenes other avenues were pursued to privatise the Council's workforce – as the Director of Education's interview revealed:

Nigel Rigby:

I was pressurised – they took me out for dinner I remember, people from the Treasury and elsewhere and wined and dined me well, on the assumption that I would give in and I wouldn't – because it rapidly became apparent that it would be crazy for schools to sign up to loss of control over their cleaning, possibly their catering, their grounds maintenance, their caretaking, which they can change whenever they like at the moment, they can change it every year if they want to, they were in danger of having to accept the contractor that PFI foisted upon them for the next 25 years, well that's not acceptable. Schools won't accept that. For a long time the government thought that we'd been politically dogmatic, it took a long time for the penny to drop with Government officials, that actually the issue genuinely was the freedom of the schools to change their servicing contracts.

The successful bidder, the Director recalls, were not party to the pressure to outsource:

Nigel Rigby:

So Balfour Beatty were very intelligent and pragmatic and were sensitive to the running of schools. They weren't pressing for transfer of ownership or transfer of staff one iota, it was all coming from the government and when the government realised that actually it wasn't political... ism, it was how do you get best value in a school?

The pressure was not coming from 'government' in a political sense but from Civil Servants – including as one confided – at a 'high level' – and, as Mike Inman confirmed the pressure did not come from the Treasury but the DfES.

Mike Inman confirms his Director's recollection.

Eric Wood:

Of those five principles, were there any of those which were pushed heavily by the Treasury in negotiations?

Mike Inman:

Yes the big one of course, was the services. It wasn't the Treasury, it was the DfES. Because if the PFI generally seemed to be a service contract, and certainly the general view in the private sector I think is that that's where the money is to be

made, so they want capital, but over the 25 years of efficiency an services and that kind of think. So one of the key issues that I handled here, and a sticking point for 6 months as I recall talking to you about, the DfES insistence that they weren't going to take that one without proof. We had to go to an outside consultancy we had to agree the terms of reference with the DfES for that survey, that particular piece of work which was to compare our services in value for money terms, within a PFI contract or outside a PFI contract with both the private and public sector.

Eric Wood:

There was no temptation to surrender, say cleaning as a kind of token to government?

Mike Inman:

Not on our side, absolutely not. It was a key issue.

Such a **key** issue that the DfES, despite agreeing to an independent value for money study conducted under the supervision of the District Auditor, who had agreed the outcome in favour of the Council's workforce, refused to accept the report; confirmed in a telephone call 17/5/1999 to the Director of Education and a letter dated 20/5/1999 to the Director of Education. The DfES insisted upon further work being carried out and until this was completed there could be no public announcement about a 'Preferred Partner'.

By the end of July 1999, this further work was completed – and eventually, with the minimum of fuss and in a possible desire to bury the outcome the case for in-house provision was accepted by the DfES.

The drama had earlier included the City Treasurer and Councillors. As Cllr Beech recalled:

Going back we came to the crunch a couple of times when we said we wouldn't go any further – on two occasions.

We had a meeting, a rush meeting, between myself and Terry Doughty, the Leader then and the Deputy Leader. We had to call them out of urgent meeting at Hanley Town Hall and go up there and sat down in a room and debated for about an hour and a half. Myself and Terry had visions it would not go ahead because the Treasurer wanted to transfer services over. They wanted school catering. So there was pressure to transfer services to the private sector those services from what I have read that were highly rated by schools and there was no economic case for transferring them.

At that time we didn't have the evidence. We had evidence from the schools and what they thought of the services and the value for money.

What the Treasury didn't tell us was that the comparative with other authorities and the private sector in particular, so we appointed another external consultants that the Treasury relied on. Our services, even to the private sector were better value for money at a lower cost and better quality than the private sector can provide, that's all we needed. We put that on the table and they backed off.

Clearly this recollection was a defining moment in the private finance initiative process. The City Treasurer was of the view that support services should be included within the project and 'they' (Civil Servants) wanted a private sector role within the management of cleaning, caretaking and catering. Councillor Beech had anecdotal knowledge that the City employed services were highly rated by schools and questioned the economic case for transferring them to the private sector. He recounts the needs to secure evidence of the comparative efficiency of Council employees, which led to the appointment of external consultants to examine the facts and recalls that faced with evidence of effective public sector service delivery 'they', (Civil Servants) backed off. On the basis of the evidence it is astonishing that Civil Servants persisted, even after the verification of the facts by the District Auditor of the evidence from an independent consultant, in pressing the case for a private sector solution. Their persistence calls into question the impartiality of civil servants who, on the written and recollected facts, appear to have engaged in an ideological pursuit of an objective, regardless of the evidence presented to them. The views expressed by Councillor Beech confirmed the earlier evidence of both the Director of Education, Nigel Rigby, (interview page 98) and Mike Inman, (interview page 98) who confirmed that the pressure came from the Department for Education and not the Treasury even though the Director of Education believed the Treasury were involved.

Schools and Governors

During May and June 1999 special meetings of the Governors of every school had been convened with a single agenda item – the PFI proposal. At these meetings, Governors considered the proposed agreement between the LEA and Governors and a series of resolutions regarding participation in the scheme. A further meeting was held in May for the

Voluntary Aided Scheme, attended by Governors, representatives of the Charity Commission and the Diocesan Authorities. By 19th July 1999 (the next meeting of the PFI Management Group), all schools in the City had agreed to take part in the scheme.

The Teacher Perspective

From the outset there had been a determination on the part of the Councillors and Senior Officers – to keep Governors and Headteachers fully briefed and able to suggest change as the process unfolded.

In 1997 the mood was positive as Derek Gray the Convenor of the Teachers' Joint Consultative Committee confirmed:

Eric Wood:

The Education Committee debated it and they made the decision, the PFI was signed up to, so was that a big persuading job Governors and Heads, whatever?

Derek Gray:

I don't think they took a lot of persuading. That is my own view anyway. In my view there was very little anti feeling, very little concern we felt it was a rock solid scheme all we could do was gain from it. When we started looking at the very issue of... that is the level of the building stock, the building stock was deplorable in the city it had nothing spent on it, for as long as I can remember, no significant improvement at all.

Derek Gray confirms the view that capital investment in the school's estate was long overdue and that the private finance initiative offered a solution. By 1999 the mood remained positive and the professional associations, trade unions and governors were united in support of the City's capital ambitions. It was, however, important to maintain momentum as the initiative moved closer to reality.

The Political perspective

Cllr Beech:

It was quite easy surprisingly to persuade the schools and the governing bodies because we thought that would be big stumbling block.

Eric Wood:

How did you do that, did you take the lead as a politician?

Cllr Beech:

We did, we went to visit the schools, I had numerous meetings, we had the Governors Forum at which constantly questions were asked, we had the Headteacher Forums where I would go along with Nigel to speak to Headteachers.

Councillor Beech confirms in this extract of the interview the leadership he exercised as a local politician in attending meetings with governors and headteachers, working alongside the Director of Education, Nigel Rigby. This combination of political and professional leadership was a feature reflected across all interviews carried out as part of this case study.

The Officer Perspective:

Eric Wood:

What about the process of getting governors and heads on board? Was that relatively straightforward?

Nigel Rigby:

It was straightforward in the sense that they all agreed fairly readily, but we actually went to every single governing body. We went to every single governing body and it was only a small group of us – I went to some, Mike went to others, me and Mike and can't remember who else, but there weren't many of us.

Eric Wood:

Was that officer driven, Nigel?

Nigel Rigby:

Yes, that was officer driven.

Eric Wood:

So officers went to every governing body in the City, to explain what was happening?

Nigel Rigby:

Yes, every single one, individually, we also had mass meetings of governors so they knew what was coming. Mike also put communication leaflets, quite well produced communication leaflets out, and we said to governors 'look'. I went to some crucial... and the ones that were likely to be difficult. They were OK actually, but the line was 'we're going to take your energy budget, but you couldn't make your energy budget any more efficient than it already is, so that's no loss to you. And if we'd been wasting energy, that's your fault, no one would admit to that of course. And he said we're going to take your energy budget. From memory, that's all we took, we took their energy budgets, we threw in the central repair and maintenance budget, such as it was, very minimal and that was about it in terms of the Local Authority's contribution. We didn't contribute. I mean the energy budget itself was significant, but the schools didn't really notice much difference and actually the company took the vandalism risk, they took that out of our vandalism risk. Now nobody knew how much that was, because under local management of schools, of course, the records had ceased to be held centrally. But it turns out it was over £1 million per year.

The interview with the Director of Education, Nigel Rigby confirms the intense focus on consultation with every governing body in the City and indicates what was subsequently to be a significant financial feature of the contract – that the private sector partner agreed to take on a significant but unquantified risk in respect of dealing with vandalism of the school estate which he recollects as being a cost of over £1,000,000 a year.

The Professional Association perspective

Eric Wood:

In terms of the PFI contract, the penalties and everything else that went into it were teachers formally consulted about the contract?

Derek Gray:

Our views were taken into account but generally I think the view was that this is something which improves the environment of our members then lets get on with it. The teacher associations supported and still do, fully support the venture because it made a tremendous difference to the condition under which our members operated at every level from headteachers down and certainly it has been in my view a very, very impressive scheme and I certainly make a point of telling people that Stoke-on-Trent has really benefited in terms of New Labour because of input of resource into the City in terms of building.

Eric Wood:

So heads and governors in the City were quite prepared to sign up to a 25 year contract where they would pay a lump sum each year to the PFI contact and that would cover energy, insurance, maintenance. How has that worked are heads generally happy with that?

Derek Gray:

I think now that they just don't notice they don't get that money any more. But certainly it takes a lot of weight off the school, if for instance your boiler goes out and you know that you haven't got to pick the bill up. You don't get the situation we used to have of a high school making a teacher redundancy to pay for its boiler.

Eric Wood:

Interesting. Of all of the comments I have had more than one that the school was warm for the first time in a long time and well lit.

Derek Gray:

They looked at the whole energy situation within the school and made the schools more energy efficient.

Eric Wood:

Do you think it had any impact on the quality of teaching and learning?

Derek Gray:

I think the answer to that is probably no. I think it made the teachers feel more respected. It gave them an acknowledgement of their role and it helped with the morale of teachers, you go around some of these schools and they say it is wonderful.

Derek Gray indicates the significant degree of support the Teachers Professional Associations gave to the City Council and the Director of Education, Nigel Rigby in pursuing the private finance initiative and confirms that the immediate impact of the project was the improvement in teacher morale and respect for teachers in City Schools. He also expresses support for the removal from Headteachers of concern about the thermal efficiency of school premises and such costs being removed from the revenue budget managed by Governors.

By late August 1999 the City Council was finally in a position to appoint Balfour Beatty as the Preferred Partner. As negotiations progressed it became clear that an 'affordability gap' was opening up - £4.3 million as of November 1999; compounded by reductions in the RSG discount factor from 8.9% to 7.9% which alone would add a further £3.2 million – the situation was serious and worsening.

Ministers to the rescue – January 2000 – October 2000

In mid-January the City's MPs had met with Estelle Morris, MP and briefed her on the widening affordability gap – she had asked for an honest assessment of the situation and confirmed that she would act in the light of that. By February 2000 the official version of events was noted in a report to the PFI management group, 24th January 2000.

As a result of this correspondence (with the Treasury) he had been told to make an official approach to the Minister in question. He confirmed that such an approach had been made and that he had spoken to George Stevenson who had subsequently arranged a meeting to take place, at very short notice, with Jacqui Smith, MP. Mr Rigby had been accompanied to this meeting by John Beech, George Stevenson and Joan Walley. He reported that they had met Jacqui Smith, without officials, and had sent her a briefing copy putting over Stoke-on-Trent's case and he noted that, from the

comments that she had made during the course of the meeting, that she had read and digested the information provided. He confirmed that she was sympathetic to the situation and had said that the scheme was important and that they did not want it to fail. In addition, Jacqui Smith had confirmed that her Department was in the process of carrying out a survey of all PFI Contracts and that she had said that she would look at Stoke-on-Trent in the context of that review. Continuing, he indicated that Jacqui Smith had also advised that Stoke-on-Trent needed to help her and to provide justification as to the reasons why Stoke-on-Trent required additional financial assistance. She had reported that there were many Authorities in a similar position and it was obvious that she could not give additional finance to everyone. He felt that she had been inviting Stoke-on-Trent to provide criteria as part of a review and emphasised that the value for money aspect would be one criteria which he would suggest. In addition, she had also been very keen on the case with regard to the standards agenda and she had told him to write to her officials and also to put these points in writing to herself.

(Stoke-on-Trent PFI Management Group, 24/12/2000)

The Director of Education's recollection when interviewed reveals the very real nature of political and civic life....

Nigel Rigby:

We were about £15 million short of the PFI credit that we needed. So I rang one of our local MPs who picked the call up I think one night in Sainsburys, and his wife reminds me there is no Sainsburys in Stoke-on-Trent, so must have been Tesco's, and she said you have the phone George, and I'll continue with the shopping, and I said, this deal could be dead unless we get to see the Minister and we need to see the Minister very quickly – the Schools' Minister, Jacqui Smith, and she saw us, she saw us very quickly because George Stevenson was off to Australia, without officials, one night – I think within 72 hours. And it was pretty clear she was going to give us the extra money. And it took a lot longer than that, but they came through.

The Director of Education's interview confirms that the meeting between Jacqui Smith, M.P., George Stevenson, M.P. (Stoke –on-Trent South) and local Councillors did not include Civil Servants; was held within three days

of the issue being raised with the local M.P. and that assurances of government help were implied by the junior Minister.

Following the meeting the DfES increased the level of PFI credits by £18 million to £93 million in order to render the scheme affordable. The assumed funding sources for the project were:

	£m
PFI Credits	93.1
Revenue Budgets	52.7
Voluntary Aided Capital Grant	4.5
Voluntary Aided Capital Contributions	0.8
Estimated Capital Receipts from Land Sales	0.7

(Education Committee, 27/3/2000)

Given the resolution of the affordability problems further efforts were then undertaken to finalise the procurement of the scheme by September 2000 with capital works planned to commence in January 2001.

By July 2000, the City Council had finalised its Final Business Case for the scheme. This was presented to the City Council's Executive Committee on 24th July and agreed. As for services... Unison (2001a) were able to report success... no victory for privatisation but a real victory for Governors and Headteachers to exercise 'choice' – an option that senior civil servants would have denied, on grounds we can only speculate about.

Stoke-on-Trent schools PFI: services under proposed PFI Contract

Services		Included	Excluded	Optional
Building Related Services	Repair, replacement or refurbishment	X		
	Maintenance	X		
	Fixtures and fittings	X		
	Minor internal repairs		X	
	Insurance	X		
Utilities and Services	Utilities provision	X		
	Mechanical and electrical installation	X		
Facilities management	Security		X	
	Cleaning			X
	Caretaking			X
	Catering			X
	Grounds maintenance			X

(Unison, 2001a, p 13)

The Contracting Parties and financial arrangements

The Contracting parties to the final agreement were Stoke-on-Trent City Council and Transform Schools (Stoke) Ltd – a company owned equally by subsidiaries of Balfour Beatty Ltd and Innisfree (representing equity investors). Under the contract, Transform Schools had responsibility for the Project including the design, construction, finance and provision of energy and water. Transform Schools, in turn, let a fixed price contract with the Construction Joint Venture for the design, construction and refurbishment of schools over the five-year construction period. The construction company was formed by Balfour Beatty Construction Ltd and Balfour Kilpatrick operating in joint venture. Transform Schools let the contract for the maintenance services and provision of energy and water to Haden Building Management Ltd – a Balfour Beatty company. The contract was let for twenty-five years under the principles of PFI. Transform Schools had raised approximately £75 m from Lloyds Bank plc and Dexia Ltd together with shareholder equity to fund the construction works. During the initial phases of the contract the Council would pay a fee that would primarily meet Transform Schools payments to Haden Building Management Ltd. After completion of work on a school had been completed, the fee would be increased in order to meet Transform School's; overheads, debt repayments and dividend payments to shareholders. A fundamental component of the Contract was the requirement to reduce energy consumption across the schools' estate. Transform Schools were contractually bound to deliver a reduction of 20% in energy consumption across the schools' estate within the first five years of the Contract with a further 5% reduction to follow through the management of energy over the subsequent five years. The reduction in energy would be achieved in a number of ways, including improved energy efficiency of plant and equipment, improved thermal efficiency of the fabric by additional insulation and/or double glazing, draught sealing windows and doors, push taps, full Building Management Systems lining back to a central monitoring station, working with schools in advising staff and pupils on energy management.

The wide range of regulations and contractual specifications required for the implementation of the private finance initiative were extensive, as a chart of the interconnected public and private groups demonstrates (Appendix Three).

The Education Department had two roles – as an implementing body and as a scrutiny and performance monitoring body. Accountability to the ‘democratic voice’ of the Council was a central strength in the performance management arrangements and re-emphasised the determination on the part of the City Council to exercise their democratic legitimacy.

The future challenges what was to be done?

The original purpose of the Project was to address a significant maintenance backlog, undertake environmental improvements to effect reductions in energy usage of at least 25% across the estate and to improve educational attainment by providing a better environment for learning.

The construction and refurbishment would take five years, during which 9 new schools would be built and 98 schools refurbished. The remaining schools within the LEA would be progressively closed through the first five years in order to accommodate the changing demographic profile within the City. Transform Schools would maintain these schools in a serviceable state up until the time that they were due to close. The Council would continue to provide a range of services including cleaning, caretaking and catering. Transform Schools would primarily provide schools with planned and reactive maintenance, window cleaning and energy.

Conclusion Phase 1

As Mike Inman wrote in a newsletter to schools:

On 27th November 2000, Jacqui Smith (DfES Schools' Minister) visited Stoke-on-Trent to witness the signing of a Partnership Charter by the main participants in the city's groundbreaking PFI scheme for schools. This charter commits the parties to work in harmony to deliver the works within the project on time, with the minimum of disruption for pupils, staff and governors and to produce an environment in the schools which is conducive to the delivery of education and the promotion of learning in the 21st Century with the intention of raising overall educational standards within the City of Stoke-on-Trent.

The signing ceremony was held at a function attended by about 100 people representing all the interests involved. It marked, by celebration, the formal contractual signing (on 26th October in Edinburgh) of the largest schools PFI deal so far in England and Wales, and concluded:

Contract signature represents the end of the beginning – now we have to ensure, in partnership that the project is delivered to benefit the current and future children in Stoke-on-Trent.

(Schools Newsletter, December 2000, p 2)

The Partnership Charter, signed by Councillor Barry Stockley on behalf of the City of Stoke-on-Trent, Reverend Father Marcus Stock, on behalf of

Birmingham Catholic Diocesan Schools Commission, Alan Butterworth for the Lichfield Diocesan Board of Education, Anthony Rabin for Transform Schools (Stoke) Limited and witnessed by Jacqui Smith, M.P. as Parliamentary Under Secretary for School Standards on behalf of the government set out a series of informing and jointly agreed principles for the governance and implementation of the project. The wording of the Charter is relevant in the consideration of the third key research question which, in part, this thesis seeks to address and it is therefore, appropriate to reproduce the text of the Charter:

Whilst this Charter has no formal legal effect, we nevertheless hereby formally and irrevocably commit ourselves to abide by the spirit of this Charter and to recognise, respect and promote each others' aims and interests concerning this project.

Our Philosophy

We shall conduct our relationships in a spirit of honesty, openness and co-operation with a positive attitude and mutual trust and respect, recognising each others needs and concerns, expressing our own concerns understanding each others problems; adopting a flexible and innovative approach to challenges, with an ambition of excellence in the performance of the contract and the conduct of our relationship; recognising that we are a single team with an overall common goal, we shall aim to settle any disputes that may arise between us quickly and amicably.

Our Common Goal

To complete the works written within the project on time and with the minimum of disruption for pupils, staff and governors; to produce a environment in the schools which is conducive to the delivery of education and the promotion of learning in the 21st Century with the intention of raising overall educational standards within the City of Stoke-on-Trent.

(Schools Newsletter, December 2000 p 2)

Some three years later, June 2003, Stoke-on-Trent was inspected by OFSTED/Audit Commission who reported on the PFI scheme, that:

The PFI Scheme, is a much needed and well-targeted initiative and represents a good example of effective partnership.(para 10)

Capital funding is managed very well, with schools' own resources and those of the LEA being co-ordinated effectively to complement and add value to the benefits already in place as a result of the authority's PFI scheme. (para 52)

Property Services were satisfactory at the time of the last inspection. They have improved significantly since then, mainly because of the authority's PFI scheme

and the effectiveness of the partnership working between the authority and its contractor. The quality of property services is now good ... Schools are now positive about the quality of service. (para 109)

LEA officers and the PFI contractor work very effectively in partnership to co-ordinate all sources of capital in order to maximise the benefit and minimise disruption to schools. (para 154)

(OFSTED 1/6/2003)

Reflection – What Matters: A postscript beyond the Politic

One of the specific schools highlighted by Officers in Stoke-on-Trent as an excellent example of the benefits of the private finance initiative was Jackfield Infant School. As part of the research process I decided to interview the Headteacher of the school to gather first hand the experiences and perceptions of someone who was not directly involved in the politics of the private finance initiative, representing the view of a practitioner, in order to elicit a perspective from a customer of the initiative. Ann Barber, the Headteacher of the School, agreed to be interviewed, as with everyone else in the case study ‘on the record’, and the narrative which follows indicates how a Victorian building was transformed and that with the transformation a change occurred within the local community and their perception of their school. What the narrative omits is the many references Ann Barber made to the fact that the transformed school was ‘warm’ – this was clearly something she and her staff rated very highly and underlined the focus of the private finance initiative on energy use and the setting of rigorous thermal efficiency targets.

Eric Wood:

So what was the school like when you went there in terms of the buildings?

Anne Barber:

The school was built in November 1886. The morning that OFSTED arrived I arrived to find the children 400 roof tiles over the yard and numerous windows broken, and OFSTED were following on after my car. It was a very bad experience. The school went into Special Measures because of the standards, the buildings and everything else.

Eric Wood:

So was it put to you that it was PFI or nothing?

Ann Barber:

No it was either PFI or it was in our budget then if we wanted to opt into PFI or if we wanted or needed a new roof or anything like that we had got to pay for them ourselves out of the budget and of course we hadn't got that money.

Eric Wood:

So what was the attraction for you and your governors of the contract?

Ann Barber:

The attraction was that it was be cheaper for us in the budget, because we knew the school was an old school and as the years went on it was going to cost us a lot more than it had been costing. There was a health and safety issue and a crime issue. I'd arrive at school at ¼ to 8 in the morning to find a drug addict asleep on the step with a hypodermic needle still in his arm and we just knew we had got to do something. We didn't have enough money to spend on backing paper for the walls because we were spending it all on the buildings.

Ann Barber:

But the interesting part is since it's all been done, we've had no vandalism, we don't have any drug addicts, the perimeter fence is a nice perimeter fence in green that can be seen through, we even spent £10,000 on playground equipment which we hadn't got before, and everybody said I was mad to actually spend that kind of money and that it would get vandalised, but it hasn't.

It's now an absolutely lovely school, the new build has been built on in the same character as the original school, so it hasn't got a flat roof it's got a sloping roof and it's tiled and it's looks super. The playground area is super we have got tables parasols, we have got early years area and the whole school is now warm and comfortable the displays stay on the walls and it is superb.

But it wasn't just to the children it was to the whole community, it was the staff; they wanted to come to school, wanted to make the school look wonderful. They knew that the work they put it wasn't going to be destroyed over the weekend, the children started taking a pride in their work, the parents started a pride in the community, they got involved in parent classes.

Eric Wood

So in essence would this be true that you and the governors were not really bothered about where the money came from, how the money was gathered, what the politics of this are but from your point of view as a professional running a school, it was a good deal for you, a good deal for your children and a good deal for the community of Jackfield.

Ann Barber:

Most definitely.

Eric Wood:

How would you sum up PFI from a very respected Headteacher?

Ann Barber:

For me it's been the best thing that has happened to Jackfield Infants School. It made the school the fabric of the building stable, it can probably stand for another 100 years and it's the focus of the community and I think PFI has been the making of Jackfield Infant School.

CONCLUSIONS

Along the way the PFI in Stoke-on-Trent had been awarded the Royal Society for the Prevention of Accidents Gold Award for Occupational Safety, and in terms of Public/Private Finance Awards had received the 2004 Best Operational Partnership (All Sectors), the 2004 Best Operational Education Project and earlier in 2002 Best Operational Project over £20 million.

Nigel Rigby:

What makes PFI works so well is that it is good value, and it is relatively uncomplicated and there is a good relationship of trust.

Eric Wood:

Excellent. Final two questions, if I can. Has it had an impact on the quality of teaching and learning?

Nigel Rigby:

Yes, it's probably depressed it. I think you have to recognise that we've been through reorganisation which has caught a lot of schools and PFI which has caught every school. And it's a big strain for the primary schools in particular.

Eric Wood:

And the conclusion?. It's obviously one of the proudest achievements in your career as Director, to get a third of a billion pounds into a City.

Nigel Rigby:

Yes, assuming BSF comes off....

I mean if BSF goes ahead, if you combine the PFI and BSF and various other sources of capital, our schools will have had a third of a billion pounds spent on them between 2000 and 2010. Find me another city in western Europe where that is the case.

One of the enduring mysteries for me, as a researcher, is why despite a final report on the Private Finance Initiative in Stoke-on-Trent being written by Civil Servants, according to senior officials in Stoke-on-Trent, it was never published.

The Stoke-on-Trent Private Finance Initiative can only, on the basis of research undertaken, be described as a major success story. The Audit Commission had suggested in 1999 that service users and the wider community were fully consulted over proposals to externalise services. It is clear that the issue of consultation was taken very seriously in Stoke –on-Trent where an impressive group of stakeholders were consulted; including parents, school governors, school staff, other schools, the local MPs,

Government departments, Council members, and external audit. The evidence for this focus on consultation can be found in the reports of the PFI Management Group and reports to the Education Committee and the Policy Committee between 1996 and 2000.

It is also clear that lessons learned from earlier Private Finance Initiative projects, particularly those relevant to education, were significant features of the Stoke-on-Trent Private Finance Initiative, in that from the outset it was agreed that trust between all parties was essential to achieve an improvement in the standards of educational support and that services needed to be specified in output and, wherever possible, outcome terms. Payments should be linked explicitly to the provision of the specified service and rigorous performance measures and bench-marks should be developed and used, to secure value for money and high standards of provision in respect of the contract, or parts of it. In addition there should be clear and regularly monitored performance criteria, and the LEA should avoid commitment to a particular partner at too early a stage. A number of features of the project are worth noting as examples of good practice with wider implications for public education.

Partnerships

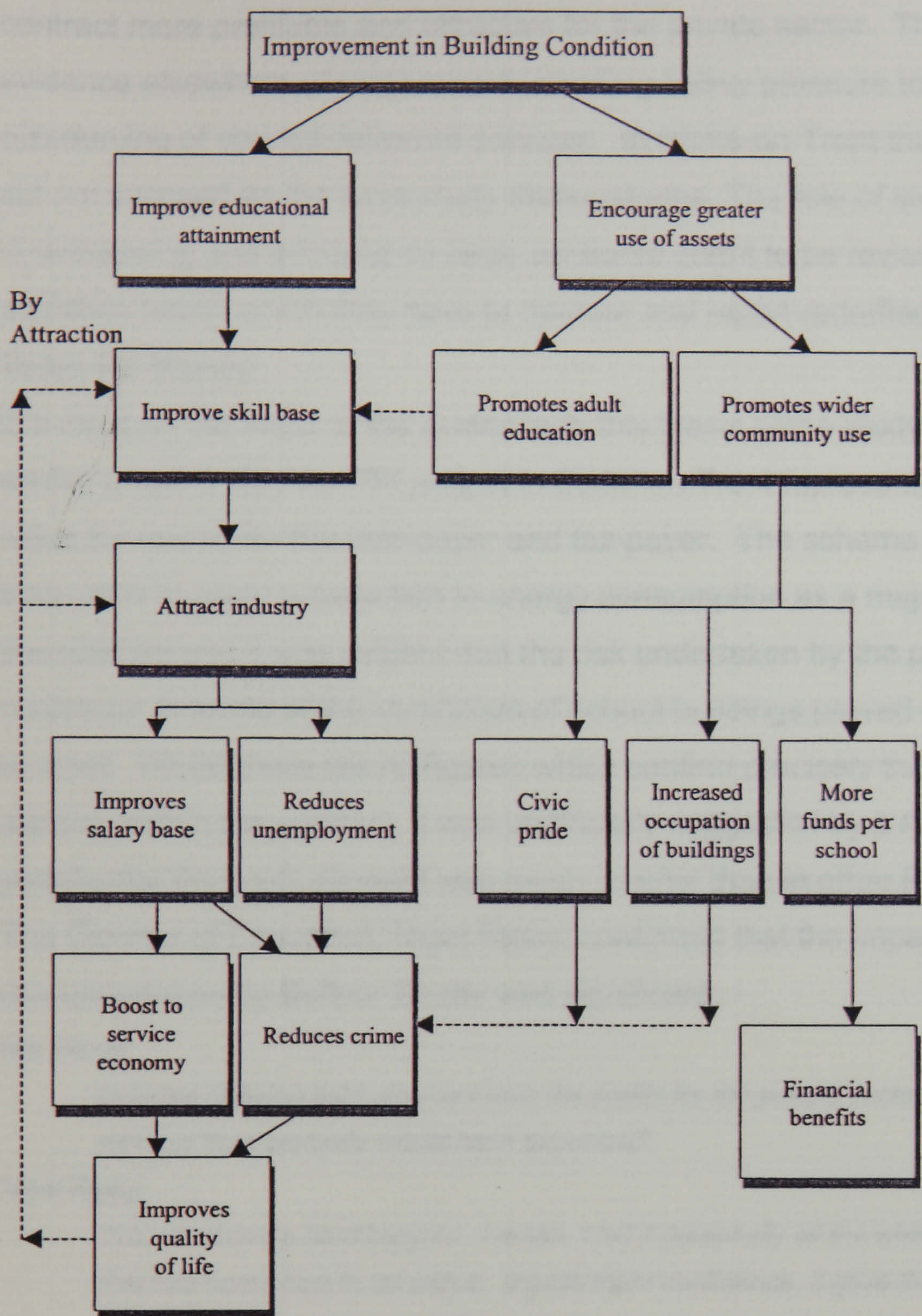
From the outset a clear political position was adopted, based upon the needs of the City, concern about public service employees, the ownership of buildings and the advice given by the Director of Education. From the research the strength and unity of the political and professional axis was a major foundation of the PFI process and no evidence was found to demonstrate the policy change effects of PFI described in the work of Davies and Henstchke (2001) or Salter and Greenway (2003). This may be because, unlike the Health Service considered by Salter and Greenway, (2003) the education service in local government has a strong tradition of professional – political working and this was on the basis of the evidence in Council reports, and confirmed in case study interviews outstandingly strong in Stoke-on-Trent. The engagement of Councillors and MPs as chronicled in the case study narrative illuminates how a strong local democracy can make a difference. To supplement the traditional local government machinery the Council launched a Citizen's Panel in 1998 with

the aim of consulting the community on a wide variety of issues. The Panel membership was representative of the population of Stoke-on-Trent in terms of location, gender, age, employment status and ethnic origin.

The Panel's primary task was to shape the Corporate Plan. Panelists were asked about the priorities, services and key issues for the City, and the top five priorities were to increase community safety and encourage crime prevention; raise educational achievement and opportunity for all people of all ages; facilitate and encourage economic development of the City; develop and enhance opportunities to meet the social/health needs of the people of the City and tackle the issue of drug addiction to build a better Stoke-on-Trent.

Education was the second highest priority behind community safety. This prioritising of education was welcomed by the City Council, who saw significant community benefits following from a PFI and high levels of capital investment, as the final business case confirmed:

Anticipated community benefits



(Stoke-on-Trent Executive Committee, 24/7/2000, p7)

Services

This was the major battleground and the case study demonstrates the battle of wills between the DfES and the Council. The role of Civil Servants in this process has to be questioned. How could they reject the findings of an independent review overseen by the District Auditor, when the total annual cost benefit of the delivery of services by the DSO/DLO was assessed and confirmed at £1.5 million? The only possible explanations

can be an ideological pursuit of service privatisation or a desire to make the contract more profitable and attractive for the private sector. There is evidence elsewhere of civil servants exerting heavy pressure to secure the outsourcing of council delivered services. In Stoke-on-Trent this pressure did not succeed as the case study demonstrates. The role of civil servants in overseeing and advising on large contracts ought to be reviewed and the guidance within which they have to operate and report redrafted.

Value for Money

It is clear on the basis of the evidence in this thesis and a study of other similar projects that the PFI project in Stoke-on-Trent represents excellent value for money for the rate-payer and tax-payer. The scheme was innovative in using a reduction in energy consumption as a major feature of the contract and it was evident that the risk undertaken by the private contractor in terms of the vandalism of school buildings proved expensive to meet. Whilst there are no figures which confirm precisely the profit element within the contract, it was unofficially suggested by a range of people that the profit element was much smaller than in other PFI projects. The Director of Education, Nigel Rigby, confirmed that the impact of the risk undertaken by Balfour Beatty was significant:

Eric Wood:

In terms of being tight, do you mean the profits for the private sector were much slimmer than anybody would have expected?

Nigel Rigby:

Yes, we drove a hard bargain. I mean, I led it personally all the while and I think that had something to do with it. It gave them confidence, it gave the company confidence. They felt the decision making was quick and honest and straightforward and they could live with the tightness of the contract. If they'd known they were going to take the vandalism hit, they probably wouldn't ever have agreed to that. But I think part of Balfour's always felt if we can get in and make a success of the project, even if it's a loss leader, there'll be a long term gain from this. And there is for Balfour. I mean it's an area, schools' PFI, Balfour's have a good reputation. They do have a good reputation for this project, it wins lots of awards regularly and they keep putting it in for awards.

The Public Private Partnership

From the research it is clear that there is an extremely strong powerful and effective relationship between the City Council and Balfour Beatty. This was confirmed in interviews with Mike Hudson of Transform Schools and corroborated in interviews with Councillor Beech, the Director of Education, Nigel Rigby and Mike Inman, a Senior Education Officer. The partnership is based upon a series of mutually agreed value statements and it is clear from the evidence that Balfour Beatty went out of its way to understand the philosophy of the City Council. Everyone interviewed spoke very highly about the professional relationship between Transform Schools and Members and Officers in the Education Department. From the data gathered in the case study it is clear that the operational working relationship between the Education Department of the City Council and Transform Schools is not formally signed up to in the shape of a protocol and operates, as a number of interviewees confirmed rather like the British Constitution. In other words there are mutual expectations which are 'understood' rather than being spelt out. This approach clearly works well with the existing personnel in both the public and private sector. However, a significant change of personnel could affect the nature of this relationship and at some point it will need to be quantified.

This informal working relationship has a strong performance management element and there is an ongoing dialogue on a regular basis between the private and public sectors. The interesting aspect of the research was the nature of the contract from a private sector perspective. Whilst there is a requirement to build in penalties for poor performance against a PFI contract there were no guidelines at the time of the Stoke-on-Trent PFI to enable incentives for performing beyond the contract to be built in as an encouragement for the private sector to aim for. It is, therefore, all about emphasizing the negative and failing to ensure the private sector has stretching objectives. At a time when stretching is the buzz word in education, this aspect of PFI ought to be considered.

Over the next twenty years the PFI, on current performance will meet the objectives set out in 2000, in that the PFI solution should remove the backlog in maintenance and introduce a more comprehensive planned and

preventative maintenance programme for schools. It will also introduce certainty into the annual cost of the Council's maintenance programme and the use of more modern technology in design and construction will result in greater energy efficiency and achieve significant savings in energy, water and running costs. The project will provide demonstrable support for the Council's commitment to Local Agenda 21 and the environment and will represent value-for-money in the use of public funds.

Summary

This chapter illustrates some of the issues which arose during the process of developing and concluding an agreement to implement a private finance initiative in the City of Stoke-on-Trent and covers the period between 1997 and 2000. The project, at the time, was the largest private finance initiative in the United Kingdom in the education sphere and was designed to upgrade, maintain and supply energy to 6 special schools, 11 nursery schools, 88 primary schools and 17 secondary schools. Of these 122 schools, 22 were voluntary aided and 2 were grant maintained. The contractual period was for 25 years, during the first five years of which the schools were required to be repaired to meet the specifications of the negotiated contract including all energy requirements.

This chapter details the 'real life' steps in the process of securing the private finance initiative, the chronology of which included the following milestones which are expressed in the narrative:

January 1997	GEST (Grants for Educational Support and Training) bid submitted by the City Council to the Department for Education and Employment
March 1997	GEST funding awarded for 1997/98.
May 1997	Liaison between the City Council and Public Private Partnership Programmes Ltd, (4P's) started
November 1997	Liaison between the City Council and the Treasury Taskforce started
November 1997	Publication of the contract notice in the Official Journal of the European Communities, (OJEC).
December 1997	City Council receives pre-qualification submissions from interested parties
January 1998	City Council issues an 'Invitation to submit outline Particulars' (ISOP) to interested parties
February 1998	Initial selection interviews of potential bidders by the City Council
March 1998	Selection by the City Council of four prospective bidders
August 1998	City Council issues an Invitation to Negotiate, (ITN) to the four selected bidders
November 1998	City Council receives the submission interrogation
December 1998	City Council holds submission interrogation
January 1999	Meetings with the four bidders
January 1999	City Council selects two of the four bidders for further consideration

February 1999	City Council issues a 'Best and Final Offer', (BaFo) invitation to the two bidders
April 1999	The two 'Best and Final Offer' submissions received by the City Council
June 1999	City Council holds final submission interrogation meetings and selects a 'Preferred Bidder'
June 1999	City Council and Preferred Bidder commence contract detail negotiation
October 2000	Financial and contractual details confirmed by the City Council and agreement with the Preferred Bidder concluded

Conclusions

The implications, following an analysis of the data and evidence collected in this Chapter and Chapter Three, covering both policy development and implementation, were considered in respect of the three principal research questions as set out on page 44 of this thesis and follow sequentially.

Key Question One:

Does the new governance of education require a new system of accountability?

From the evidence gathered it can be concluded that the current governance of education does require the development of new systems of accountabilities, with models adapted to local circumstances, as in the case of the Private Finance Initiative in the City of Stoke-on-Trent. The democratic issue of accountability is dealt with in the conclusions to this thesis and a representational model of accountability, from a strategic perspective, is proposed. From the case study it is clear that Councillors and Officers in Stoke-on-Trent had to develop accountability measures and new contractual arrangements which bound together the City Council, Diocesan authorities, schools and the private sector consortium who successfully secured the contract to deliver the private finance initiative. The central features of the contractual accountabilities involved four areas where agreements had to be reached:

- a written agreement with each school governing body covering the collection of contributions from delegated school budgets
- a written agreement between the City Council and each of the two banks involved, regulating the relationship between the City Council and the banks with specific reference to any early termination of the Principal Agreement.
- a set of written agreements between the City Council and the two Diocesan Authorities regulating the arrangements for the funding of voluntary aided schools
- a series of written agreements, including warranties from the main contractors covering their liabilities to the City Council for professional negligence.

In addition a 'responsibility matrix' was included in the new accountability measures – indicating where the City Council, School and Contractor were accountable for particular areas of a school building. Alongside this a performance measurement system was developed to ensure that within the sets of contractual accountabilities each party could be held to account for such diverse areas as thermal comfort, lighting, water services, energy consumption, acoustics and fungal and pest control. These contractual accountabilities flesh out the issues considered in a theoretical context in the exchanges between Helen Jones, M.P. and Estelle Morris, M.P. on pages 60 – 61 of this thesis. The evidence of the case study places the City Council in the position of dominant partner in brokering arrangements, retaining democratic oversight of contractual delivery and, whilst not engaging in service delivery directly setting up a monitoring arrangement with the private sector contractor to ensure their being 'held to account' for performance.

In considering the development of new systems of accountability within an increasingly complex world of education governance an area for development could be the consideration of written agreements, covering central government, local government, schools and students with clear indications of who is accountable to whom, for what, against schedules of responsibility and audit and this would, in part address the need for the adequate safeguards suggested by Whitty (2000). This would also enable the issue of 'who should have the right to scrutinise whom, for what and how' to be addressed, (Corry and Martin, 2005).

Key Question Two:

Does the performativity of the private sector require public scrutiny and regulation?

As Chapter Three of this thesis indicates the growth of the private sector in education, as an element of neoliberalism, has been significant, with modest beginnings in the 1990's when compulsory competitive tendering arrangements were introduced for local education authorities and an accelerating trend under Labour since 1997, when public private partnership activity rose from £75 million (1997) to an estimated £2.7 billion (2005) according to the Local Government Chronicle, 2003. Within this

area of private sector growth the private finance initiative has been the largest element of state investment, with the liabilities of the state estimated to be as large as £60 billion or 5% of gross domestic product, (The Times, 14/3/2005 p11).

In addition, as indicated earlier in this thesis the market in the provision of private sector consultancy services to the public sector reached a cost of £2 billion by 2003 and showed every indication of continuing to increase. The cumulative scale of public sector expenditure on private sector services in itself warrants public scrutiny and regulation and underlines the need for this 'frontier market' (Rutherford, 2003) to be secured within a framework of democratic accountability. As Chapter Three of this thesis demonstrates there are significant areas of private sector activity in the public sphere where contractual and financial arrangements with the private sector are unobtainable, such as in the case of intervention in Local Education Authorities, the contracts for school and college inspection, the contracts for national strategy delivery and in private finance initiatives at local level. This absence of information makes judgements about performativity, (other than by the commissioner of the service), and value for money assessments impossible in terms of the citizen and the consumer of the service. The provision, therefore, of adequate information and openness, particularly on the part of civil servants, about private sector contracts is an essential pre-requisite for public scrutiny. Within this there should be an open code of practice for Civil Servants engaged in commissioning activity by the private sector and, as is the case of the Stoke-on-Trent private finance initiative, having the authority to endorse or deny local contractual arrangements, with clear parameters in respect of their powers to bring pressure to bear, as they did in the issue of support service provision in the Stoke-on-Trent private finance initiative, set out earlier in this thesis. The need for such a code, which would prevent Civil Servants exceeding their authority as commissioners on behalf of the citizen, is strengthened by consideration of the pressures brought to bear upon public officials in Stoke-on-Trent to engage the private sector in supplying support services despite evidence of better performativity on the part of the public sector supplying such services, as set out in this Chapter.

It is worth noting that, of 54 private finance initiatives the only project to exclude support staff, who were sub-contracted to the private finance consortia was in the City of Stoke-on-Trent, (Unison (b), 2001). A further implication of the evidence in Chapters Three and Four of this thesis involves the need for scrutiny across the new shape of public service delivery which is characterised by a plurality of providers from the public, voluntary and private sectors either acting separately or in a range of interconnectivities. This scrutiny should encompass public agencies or bodies, given that of the 450,000 individuals who act as governors of such bodies only 25,000 are elected and have a democratic accountability and that the plurality of current managerialist arrangements are semi-detached from a traditional model of representative democracy, possessing consultative strategies around an endowed authority to make decisions. The building of public scrutiny arrangements, which would strengthen the user voice, could be a prelude to the development of a new civic culture and build the argument for directly elected models of user control of public services thus making accountability transparent and relevant to citizens, particularly if such emerging models for recapturing democratic accountability were paralleled by broad and innovative public scrutiny of the private sector.

A concluding implication of the evidence in Chapters Three and Four of this thesis concerns individual influence within the public sector and the multi-faceted roles played by individuals within the public/private sector interface. Within local authorities and in Parliament those who exercise power on behalf of the public have to declare all relevant interests and avoid a conflict of interest when voting. Within the new framework of public service delivery the construction, by regulation, of a register of interests embracing all who commission, manage or exercise elected or appointed power would enable a locality governance map to be created and the new magistracy within education to be identified. If applied, the citizen or user of public services would be able to know of the individuals in their locality acting on their behalf and, in the case of the private sector, begin to see the development of performative transparency beyond contractual targets, an individual as well as corporate accountability for decisions taken.

In dealing with Key Questions One and Two it is suggested that new models of accountability, with public scrutiny and regulation of the private sector and appointed public agencies are required. Key question three considers the issue of the locality governance of education.

Key Question Three

Is the new governance of education as dependent as the past on local actors to orchestrate delivery in a meaningful way for a local community?

Chapter One of this thesis sets out the landscape of change in the governance of education, with new partnerships between the public, private and voluntary sectors engaging in the construction and delivery of education policy. The case study of the private finance initiative in the City of Stoke-on-Trent provides evidence of the need for local actors, principally in this case, the local authority, school governing bodies, professional associations and trade unions together with Diocesan authorities and the private sector to work together in partnership to deliver mutually agreed outcomes. The same need for local actors to work together could equally apply to School Organisation Committees, Admissions Forums, Early Years and Child Care Partnerships, Strategic Lifelong Learning Partnerships, Education Action Zones, Local Strategic Partnerships and the emerging Local Area Agreements. The common thread connecting the case study in this thesis and the broader nationally applicable partnerships is the changing nature of the local authority, as the one body to claim a democratic legitimacy for its exercise of power. In the case study of Stoke-on-Trent the local authority was, on the basis of the evidence, the central body orchestrating all interested parties and acting on behalf of citizens in ensuring an outcome which was in the best interests of the local community.

Without the leadership of the local authority, guided as the evidence suggests, by a clear set of guiding principles endorsed by governors, headteachers and other local stakeholders the private finance initiative would not have been secured. In one sense an historical perspective comparing contemporary realities of governance with the past is unhelpful, in that the changes in the distribution of authority and power have required new ways of working between partners to be developed. Whilst the local

actors are essentially the same the significant change has been in the collective exercise of power and decision making and the undertaking by a local authority of a community leadership role which is what the case study provides ample evidence for in the case of Stoke-on-Trent Council. This mutual dependency and recognition of the need for effective partnership working and accountability was encapsulated in the 'Partnering Charter' signed in Stoke-on-Trent (page 110 of this thesis). The advent of the Children Act, 2004 and the establishment of Children's Trusts is leading to local actors within local communities, charged with the governance of services to children, coming together to agree a locality vision for the delivery of such services. The trend towards greater consumer choice, the use of contestability in public service delivery, with the commissioning and procurement function seen as separate from operational delivery, needs to be underpinned by local authorities re-emphasising their public or community management of places and localities which is greater than the service management function.

The Children Act, 2004 will lead to the emergence of relationship agreements between locality stakeholders setting out their respective responsibilities to each other and engaging in the development of new accountability mechanisms. The lessons from the Stoke-on-Trent private finance initiative demonstrate how powerful local actors can be in securing an outcome which, for a local community, they jointly deem desirable and suggest that the response to this third key question is that the new governance of children's services is as dependent, in a different way, as in the past on local voices acting in chorus and in harmony. The challenge for local authorities is to exercise orchestral direction in a democratic fashion and conduct by assent, underpinned by the authority given to them by their citizens and answerable for their stewardship by new accountability and scrutiny processes.

CHAPTER FIVE

The Fourth Way – Is social democracy, citizenship and professionalism the way ahead?

The third way strategies of modernisation have been considered in earlier chapters from both national and local perspectives, with both needing each other to achieve their objectives. That there has been a significant centralisation of authority over the public education service cannot be denied – but the case study is a clear example of the relevance of local power to the end result. In the absence of a codified constitution the centre-local checks and balances in the exercise of power and authority in the public realm, particularly with the emergence of the largely unaccountable private sector in the public domain, are worthy of comment, analysis and suggestion.

Marquand (2000) charted the growth of the public domain to the mid twentieth century and commented that Social Democrats took the continued steady state public domain for granted. He did however, comment critically on the New Right strategies of the 1980's and 1990's which he described as

a relentless kulturkampf, designed to rout out values of the public domain accompanied by an equally relentless attack on the institutions in which they were embedded. Deregulation, privatisation, public private partnerships, proxy markets, performance indicators mimicking those of corporate management and the systematic assault on professional autonomy narrowed the public domain lowering the distinction between it and the market domain. (p 28)

The combination of the marketisation of education, reinforced by managerialist strategies has been a particular feature of the education agenda pursued by New Labour. Education is seen as a product or commodity, with competition driving efficiency and individual choice being preferred above collective and accountable political decision making. This view diminishes the role of the State to one of market promoter and regulator.

In trying to understand the Third Way two approaches can be considered – a sociological analysis of responses to globalisation and a normative approach which seeks for an ethical basis in isolation from the macro constraints faced by national states in managing capitalism and creating conditions for economic flexibility in a global market place.

The portrayal of the Third Way as a value driven, moral project is a key feature of New Labour. Blair emphasises 'equal worth, opportunity for all, responsibility and community' (Blair, 1998b) and he insists that 'Human nature is co-operative as well as competitive, selfless as well as self interested; and society could not function if it were otherwise', (Blair, 1998b). He thus seeks to reassert democratic socialist values and set these into an ethical framework grounded on the left. There is, however, no linkage between the rhetoric and how it relates in practice to a depoliticised and detraditionalised education policy in practice. Taken together the depoliticisation of policy and the remodelling of the rights of citizens and consumers, which the market has driven, require a response which could in political, consumer and citizenship terms give effect to some of the values agenda pursued within the Third Way and point to a Fourth Way.

What conclusions can be drawn from the modernisation agenda of New Labour in order to inform discussion about the future direction of education and learning? First the private sector role in education is here to stay with strategies set out in future spending plans to significantly expand public-private partnerships. Secondly a move away from a welfare state, fuelled by the creation and acceptance of a perception that educational failure has caused economic stagnation, that reform is therefore essential and requires to be on-going in order to succeed economically and that through explaining relative economic decline in terms of failure within the state's infrastructure, attention is deflected away from the essential injustices of capitalism and the management of the public sector is called into question and drive demands for reform (Whitty, 1998).

Thirdly there is a growing democratic deficit, with the centralisation of power to national government and the weakening of responsibilities at local democratic levels by the growth of appointed bodies. The rhetoric of

social democratic values have little meaning within a structural framework of governance designed to negate them. Fourthly an increasing tendency to view and assess the quality of public services in terms of the relationship between consumer and provider rather than, as Ranson and Stewart (1994) argued, the 'quality of consumer and citizen.'

Fifthly a low trust model of professionals within the public sector, with teachers seen as technicians as opposed to being driven by a social/vocational mission.

Finally the marketisation agenda reinforces class division, sidelines social justice and equity considerations and has reinforced the achievement gap between areas of differential socio-economic composition – as there is a close correlation between academic and social stratification. With magnetic polarity 'advantaged parents and advantaged schools', (Whitty, 1998 p 7) are drawn to each other.

What visions might inform a Fourth Way?

The nature of democracy and citizenship

Firstly an acknowledgement that the Third Way deficit lies in a failure to recognise emerging theories of 'public value' and 'values based leadership' within the complexities of governance at local government and institutional level. This debate about putting values into practice requires a wider debate about accountability within the education system and about the nature and position of local democracy and the concept of citizenship within modern society.

Hirst (1995) set out the concepts of a 'political constitution' and a 'social constitution' as means by which governance could be viewed and government held accountable. The political constitution defines the power of the state and establishes limits – the contract between the state and the citizen. The 'social constitution' is a complex of laws, practices and procedures that defines the ways in which the political institutions and the wider society interact (Hirst 1995). In asserting that both constitutions are now fundamentally flawed and that a new model of mutual accountability of State/Citizen should be developed Hirst (1995) points the way to a wider democratic debate.

Perhaps in suggesting a reassertion of the values of the public domain Hirst (1995) was adding to the work of Bogdanor (1994) who in arguing for a strengthening of local democratic accountability suggested that on six key principles, conventions governing local authorities, there was an urgent need to repair the 'democratic deficit'. The principles he outlined drew upon European experience and the British Constitutional experience:

Directly elected local authorities shall have the right to provide public services in the interests of their local populations.

Local authorities shall be recognised as the representatives of their communities.

Local Authorities shall be given freedom to experiment within the law.

Local Authorities shall be entitled, within national economic policy, to adequate financial resources of their own, commensurate with their responsibilities, part of which shall derive from local taxes. They shall have the right within the limits of statute, to determine the level of local taxation.

Local Authorities shall have the right to be consulted on changes in their structure, powers organisation and finance.

The principle of subsidiarity – that public services shall be undertaken as far as possible by those authorities closest to the citizen.

(Bogdanor, 1994, p 2/3)

He commented on the latter point that:

It is time to begin the task of reinvigorating our system of local democracy with the same energy and determination that our Victorian forbears displayed a hundred years ago.

(Bogdanor, 1994, p 3)

The contemporary themes of subsidiarity and the debate about modernised forms of local governance are relevant at a time when the issues of regional government, elected Hospital Trusts, Police and school Boards are in the public domain. The 'Holy Grail' of New Labour, delivering citizen centred public services (Blair, 1998b) will remain elusive if there is no movement on linking related policy initiatives, moving beyond voluntarism and stepping forward to enable, in education, a new settlement of rights within which the learner drives the system.

There are clear signs that some aspects of the performativity agenda are softening – a lessening of the emphasis upon external targets for schools and LEA's, the development of 'compacts' – locally driven aspirations of education and social policy to which local and central government commit

resources and the drive to support Local Strategic Partnerships are evidence of shift at the margins. What is central is an emerging view about the citizen versus consumer debate, with a growing acceptance of the consumer as a citizen and the need to attune policy to mixed perspectives, aspirations and expectations.

The evidence of the 2005 general election showing that New Labour received 4 million fewer votes than in 1997, with the 34 most marginal Labour seats having a cumulative majority of 29,000 votes in total and hence the government's majority resting on a wafer thin number of voters prompted Robin Cook, MP to reflect upon the 'exposure of the limits of political cross-dressing' (Cook, Guardian, 17.6.2005 p 26). He expanded upon this theme in a speech to the Guardian/Compass Conference on 18.6.05 entitled 'Can Labour Renew Itself in Government.'

In arguing that Labour could only reclaim lost electoral ground by persuading voters that it remained a 'party with a coherent value based philosophy', Cook saw as a test case the issue of the market in public services:

Whether Labour can rebuild a radical value base in this parliament will be the outcome of the debate over the role of the market in the provision of public services.

The history of social democracy can be expressed as the struggle to set limits to the market and to define those areas where priorities should be set by social policy rather than commercial forces. Yet this government is dismantling the barriers that it's predecessors had erected to keep those commercial services off the public service turf. (Cook, 2005, p 26)

In suggesting that 'increased efficiency' is the government's motive for encroachment by the private sector on the lawn of the public sector Cook advances two arguments – firstly that private sector engagement will have an impact beyond the outcomes of the work in that 'a democratic public service marches to a value system that is different to a commercial, private operation and imposing commercial means will changes its end result', (p 27) a view supported by Crouch (2003) who questioned the linkage between the private sector deployment and efficiency gains in public

service delivery and suggested that the use of the private sector affected the nature and character of the service.

Secondly, in practical terms there is no evidence to support the greater efficiency argument in that:

Private companies that have won contracts for educational services under this government include Serco, which builds missile warning systems, Jarvis, a construction engineering consultant and Group 4, the prison specialists. The factor that unites all these companies is that they brought no knowledge of education to their new business and began by hiring the expertise of the very public service staff whose alleged inefficiency they were supposed to remedy.

(Cook, 2005, p 26)

Cook urges Labour to make the ideological case for health and education as 'a public realm in which citizenship is more important than market power.' (Cook, 2005, p 26)

The recognition that the 'public realm' requires citizenship to be centre stage is a theme reflected throughout much of Marquand's work although he believed that a large public realm could exist with a small public sector:

the public domain should not be seen as a 'sector' at all. It is best understood as a dimension of social life, with its own norms and decision rules, cutting across sectional boundaries: as a set of activities, which can be (and historically have been) carried out by private individuals, private charities and even private firms as well as public agencies. It is symbiotically linked to the notion of a public interest, in principle distinct from private interests; central to it are the values of citizenship, equity and service it is a space, protected from the adjacent market and private domains, where strangers encounter each other as equal partners in the common life of the society..... (Marquand 2004 p 27)

The search for meaning within the public sphere is a quest which spans the ranks of Labour – the word 'new' being increasingly avoided – and extends to the respect agenda, where without a strong public realm, with vibrant public services, cherished public assets, safe public spaces and a strong public service ethos there can be no decency in a decent society (Blears

2005). As part of the reclaiming of the public realm it is argued that the 'active welfare state', based upon 'rights and responsibilities for the individual and the state' needs the engagement of citizens in the design and delivery of personalised services because the role of government is to 'mandate outcomes not regulate processes,' (Miliband 2005 in Collins, P. p 55).

The process of individualisation was seen by Giddens to be the area in which Third Way values should influence and shape outcomes agreeing with Blair that there should be 'no rights without responsibilities as a potential motto for third way politics', (Giddens, 1998, 64 –5). In terms of citizenship an expanding individualism carried with it extended individual obligations in the public realm.

However, there is a view that 'the concept of profit can and should play an increasingly important role in improving the quality of our public services' and that there should be incentives to reward and sanctions to punish the more or less responsible even to the extent that Ministers in the Department of Health can argue that 'tenants, for example, who pay their rent on time and who respect their neighbours should get faster access to repairs and improvement schemes'. (Collins, P. 2005 p 28).

This sits presumably alongside the new Clause 4 of the Labour Party Constitution – to work for a just society which judges its strength by the condition of the weak as much as the strong! The emerging consensus around the new democratic agenda was summarised by David Miliband, Minister of State in the Cabinet Office:

The heart of politics is the relationship between government, markets and civil society. These relationships define political traditions. The three vital components of social democracy are government that supports people, markets organised to serve them and an open civil society that extends rights and responsibilities.

(Collins, P. 2005, p 50)

Within this triangular arrangement the concept of power is seen to rest in the choices people have about their daily lives and the voice they have in governance, locally and nationally – this means connecting the 'voice' and

‘choice’ agenda and reaching a new accommodation between the citizen and the state, a discourse of purpose, plan and a new performativity.

If Clause 4 of Labour’s Constitution defines ‘community’ (as opposed to public ownership) as the arena within which citizens are enabled to realise their full potential then market forces and the community need to be rebalanced/adjusted.

Local councils have traditionally had an important role to play in developing a collective vision for their area, one that meets local needs and priorities and draws together all the relevant partners in order to achieve it. Three characteristics of local authorities that enable them to achieve this role have been identified as democratic accountability – representing all the people in their particular area; a sense of place – knowledge/experience of the geographical area the authority represents and an ability to bring together the full range of partners to best meet the needs and priorities of those who live in the area.

However, over the past twenty years – Local Education Authorities have lost significant functions such as the entire post compulsory sector, their monopoly position as suppliers of services, their role in inspection and in terms of Academies any role at all. It could be argued, based upon the research carried out for this thesis that New Labour actively promoted and extended Thatcher’s educational legacy in a range of policy areas such as:

- Workforce reform in schools and the casualisation of teaching
- Incentive driven funding to specialist schools, colleges, projects
- Tuition fees and the lessening of student mobility in higher education
- Private sector growth in LEAs and schools
- Private sector engagement in capital programmes, PFI/PPP
- The ‘fast track’ expansion of popular secondary schools
- The ‘fast track’ of Primary and Secondary schools to Foundation Status.
- The growth of Academies and Faith Schools.
- The increased powers to non-elected Admissions and School Forums.
- The growth of central control, accountability and direction over the school and college system.

As part of the research for this thesis I compiled a graph, based upon the evidence gathered from Partnerships UK, 2005 to illustrate the scale of investment in the Private Finance Initiative in order to represent visually the significant growth which had taken place following the election of a New Labour Government in 1997. I then considered whether a visual representation of the 'Thatcher/Blair Project', which would test Hall's assertion (page one) about Blair adapting 'us' by the continuities of policy within Labour's actions in government could be constructed. This formed a mini-research project, constrained by time, but felt to be relevant to the three key research questions and the general thrust of the thesis and therefore a valid addition to the original research design. I decided to use three focus groups, each consisting of three members, representing Headteachers, Teachers and Education Officers in order to seek their perceptions of changes in the governance of education, focussing particularly on recurrent themes in earlier chapters of this thesis namely the power shifts as a result of

Centralisation – increased authority to the Secretary of State for Education and Skills

Localisation - increased authority to local education authorities

School autonomy – increased authority to school governors

Marketisation and Private Sector expansion

Choice – increased rights for Parents

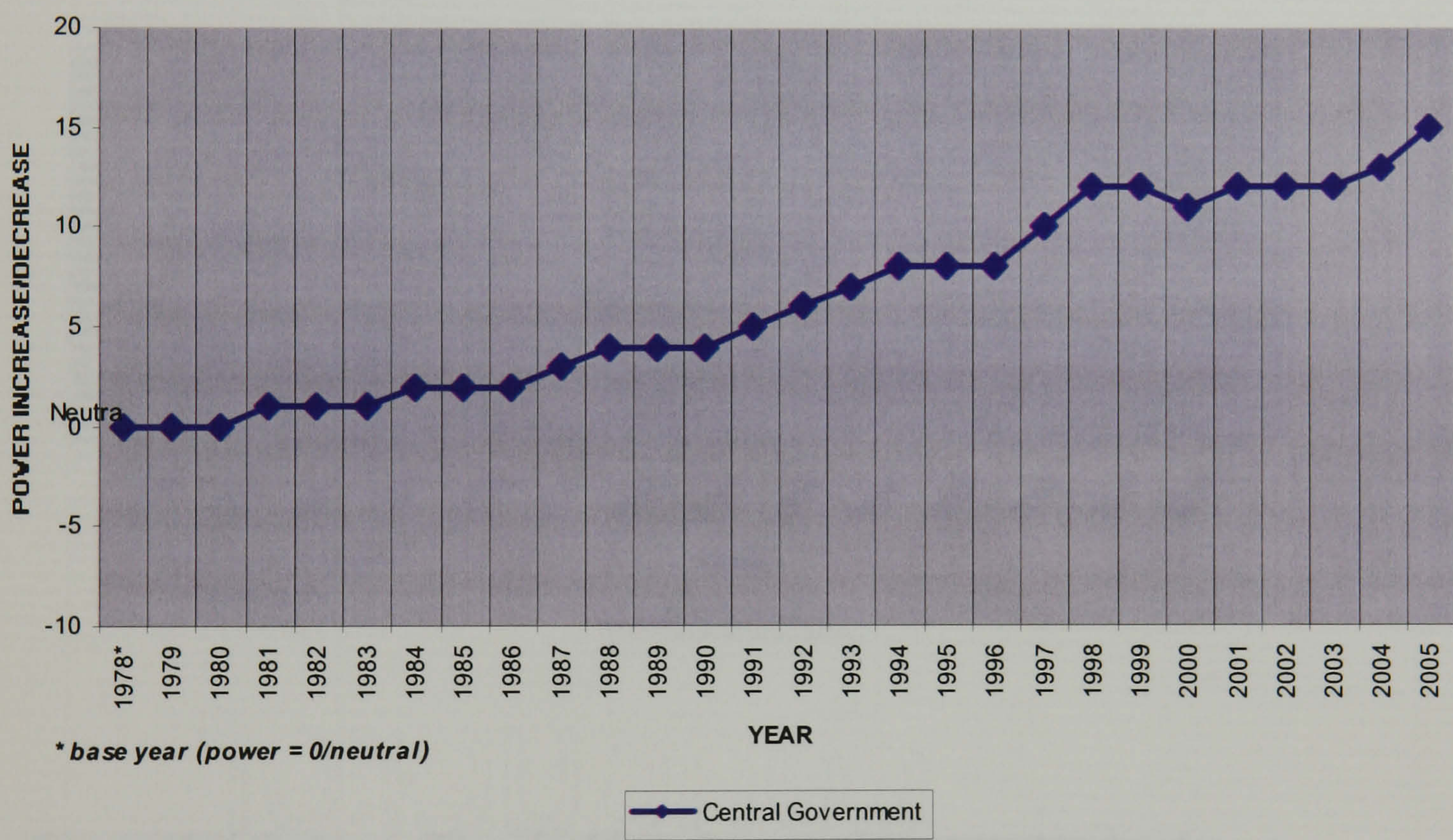
(Appendix Two)

The outline document for each focus group was the same and the legislative timeline set out in Gillard, (2004), was adapted to produce a framework setting out central government reports and legislation, in summary form. The focus groups met separately, the meetings were facilitated by me and the document for consideration, Appendix Two, circulated in advance. Each meeting was scheduled for a maximum of three hours and each group was asked to assess change in 'authority' as a result of the legislation enacted or the report implemented, using a simple scoring mechanism with a (+1) if 'power' had increased in a theme, (0) if the effect was neutral and (-1) if power had been reduced. The scores for each group were rounded at the end of the exercise and a graphical

representation of the aggregate outcomes developed. Whilst recognising the subjective nature of each participant’s individual judgement I would argue that the outcomes have validity given the composition of the focus groups, the analysis they carried out and the fact that each group worked separately and each arrived at broadly similar judgements.

The first issue considered was whether central government had acted to gain greater powers over the governance of education.

TRACKING POWER SHIFTS AS A RESULT OF NATIONAL LEGISLATION
Table 7



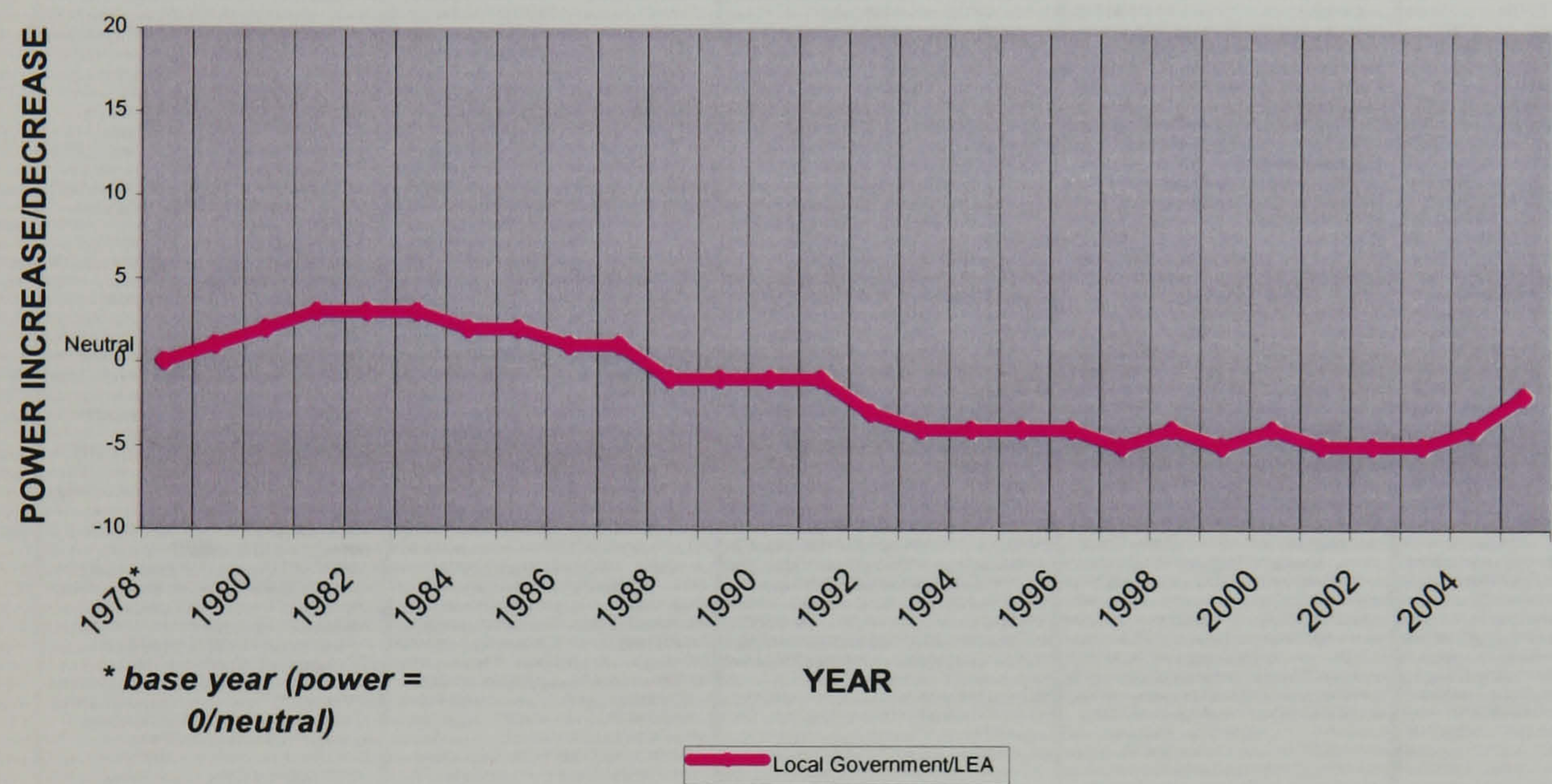
The view was clear – that successive national governments had taken increased powers over education, and the direction of travel in this respect was consistent in establishing a centralising approach since 1978. This analysis bears out the evidence in Chapters One and Three in this thesis and the outcomes of the literature review, that the growth in state power and agencies of the state has been accompanied by a parallel weakening of the accountability of the state and its agencies, (Pattie, et al, 2003).

Building on the work of Skelcher, 1998, the Public Affairs Select Committee, (2001), concluded that the growth in public agencies created to

manage the implementation of public policy had been significant, with 138 executive agencies, 187 national executive quangoes, 414 advisory quangoes and 300 task forces discharging power across a range of public policy areas. The fact that the members of these bodies are appointed and not elected, and accountable to Ministers of the Crown, who appointed them in the first place, means that issues about their accountability can legitimately be asked.

The second issue considered was the change in power exercised by local government.

TRACKING POWER SHIFTS AS A RESULT OF NATIONAL LEGISLATION
TABLE 8

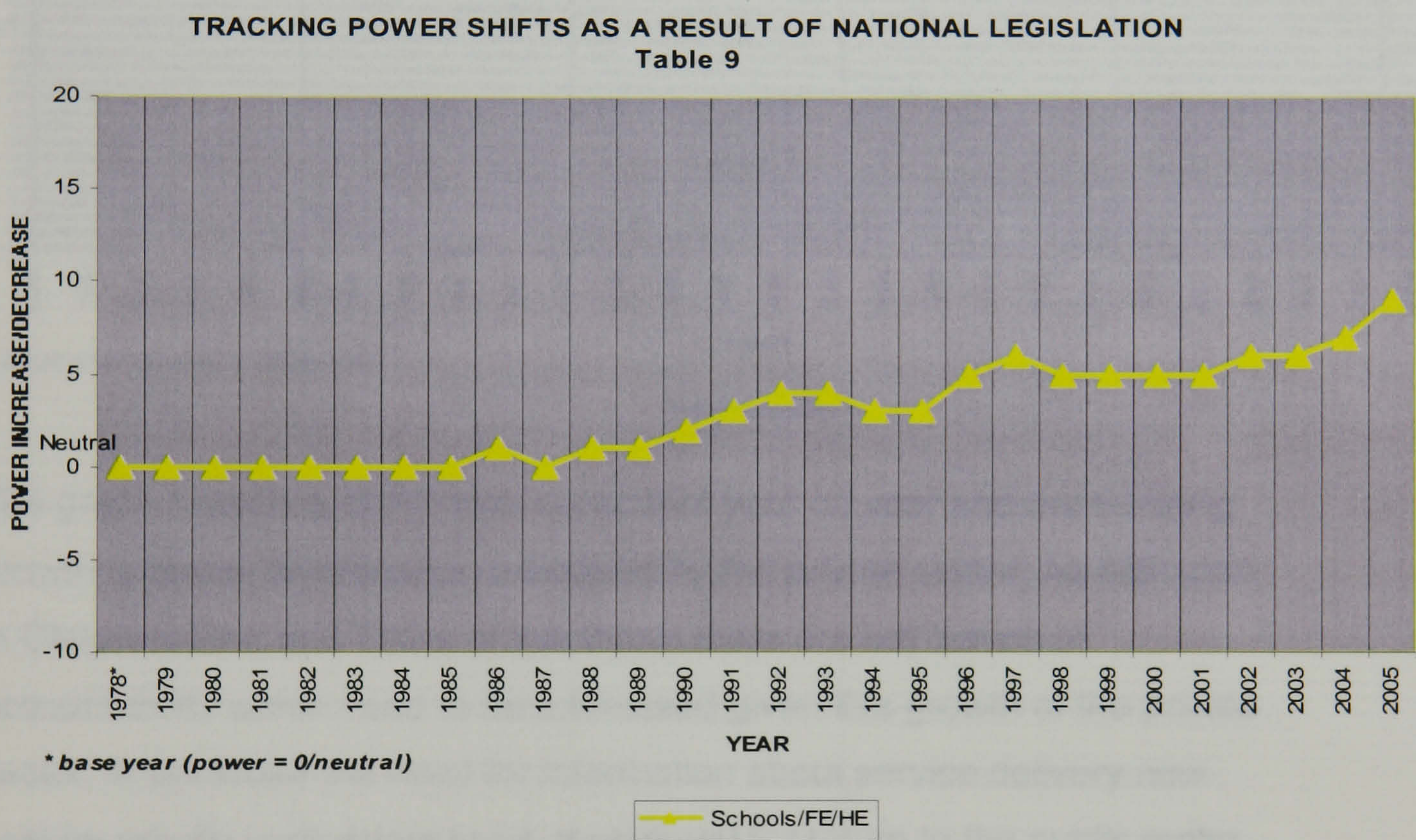


The graph indicates a steep decline in the power exercised by local government and local education authorities from 1983 to 1993 and a relative plateau thereafter until 2004/05 when there is a perceived increase in responsibility and authority. The decline in the role of local authorities has been accompanied by an average turnout for local government elections of less than 40%, with an accelerating decline in turnout between 1993 and 2002 dropping to 25% between 1997 and 2002, (Local Government Chronicle Elections Centre). The evidence, therefore, points to the fact that the Labour Government's programme of local government modernisation, with new forms of local executive, has failed to achieve the

democratic renewal which was one of the major justifications for the modernising agenda. As Bognador (2004) commented

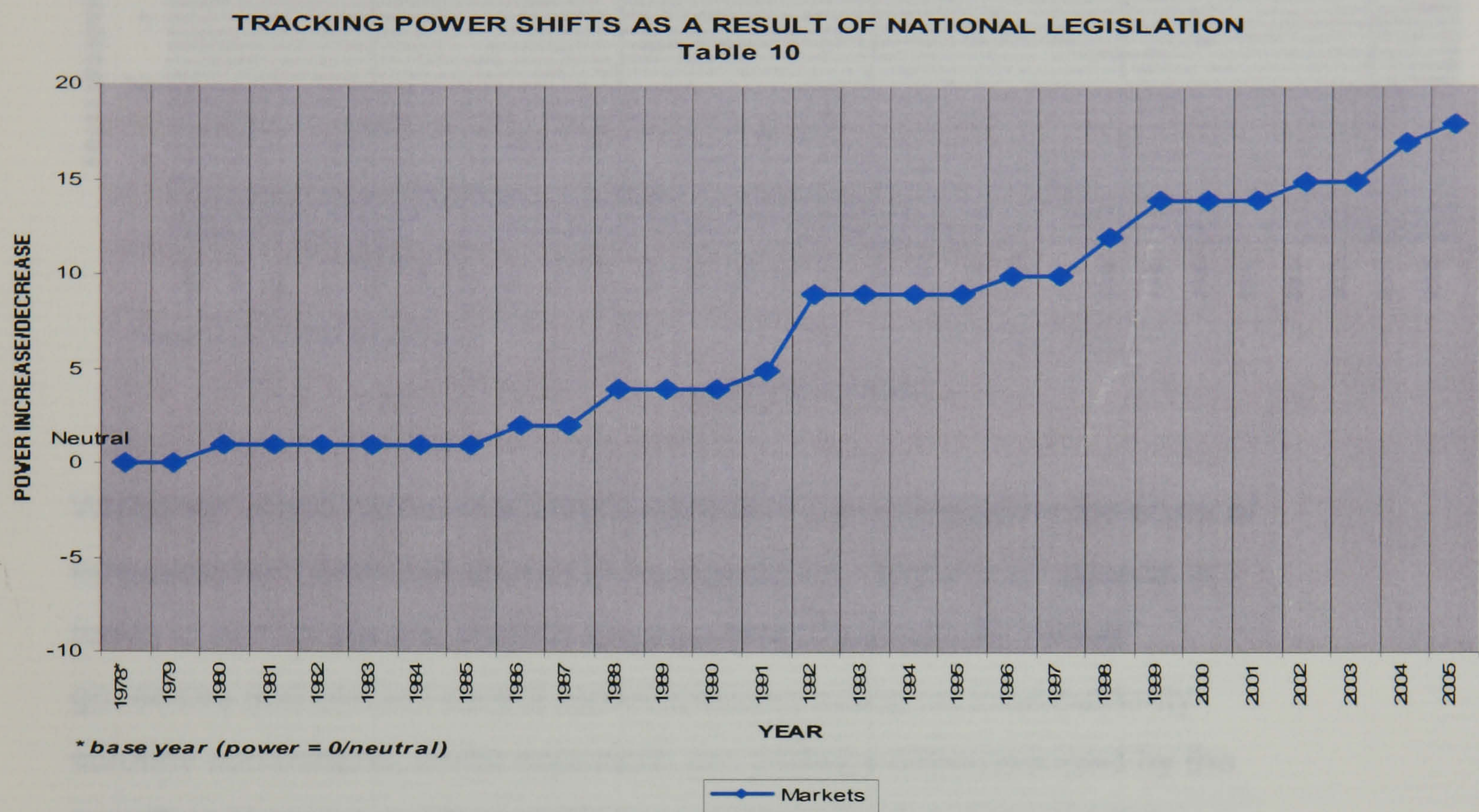
the problems facing local government are deep seated, resulting as they do from half a century of centralisation, from social changes which have weakened local communities, and from government reorganisations which have had the effect of severing local government from local communities. (p 6).

The third issue considered was the change in institutional authority, and whether schools had greater or lesser power to deal with their environment.



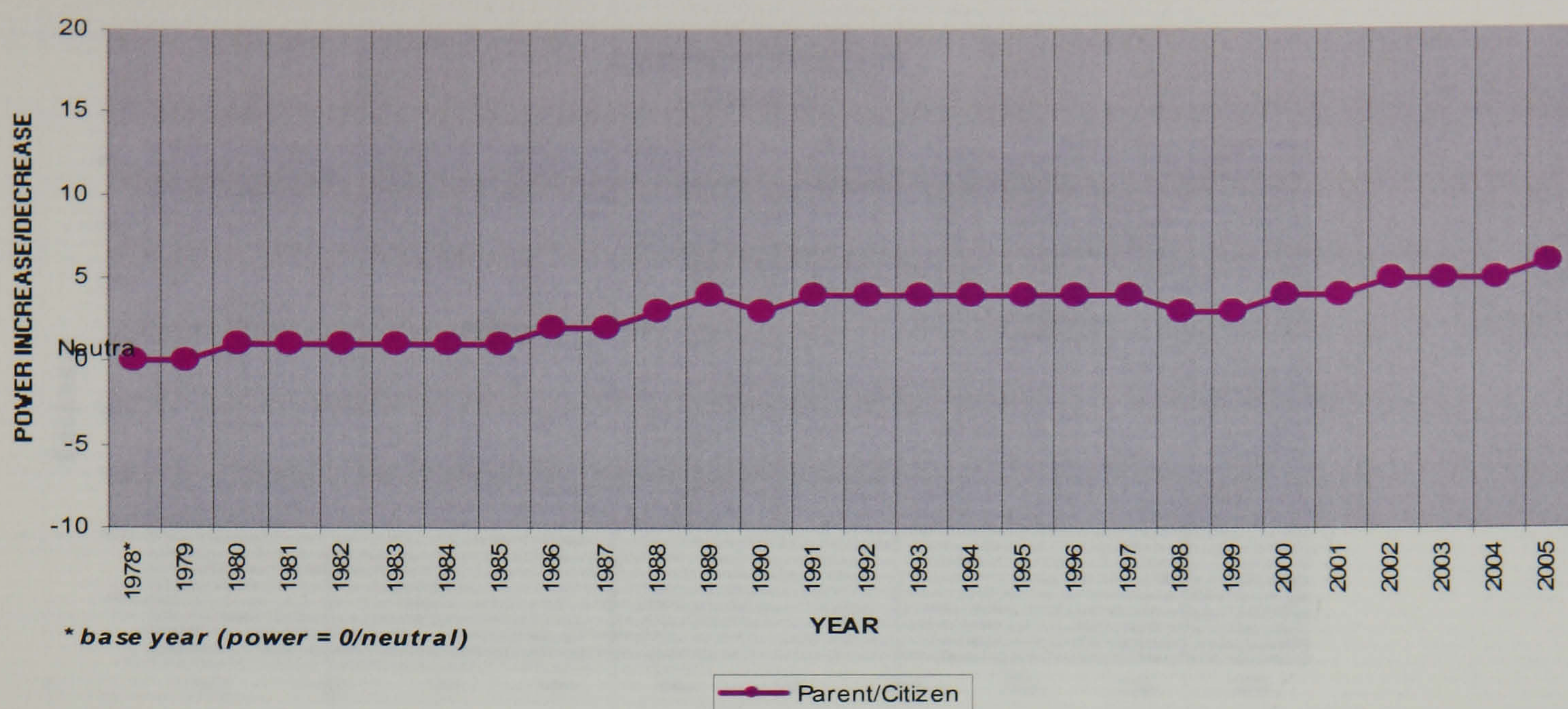
The graph indicates a perception of increasing power being devolved to schools from local and central government, principally the former, starting in 1988 with the Education Reform Act and growing significantly from 2001. This trend towards the self-managing school does raise questions about school governance and accountability, the relationship between schools in a community and relationships with local government and other local agencies within the mosaic of the governance of education. The graph complements the evidence in Chapters One and Three of this thesis, indicating movement towards the vision set out by Sexton, 1987, page 18 of this thesis.

The fourth issue considered was the impact of the private sector and market development in education. Had power in the education sphere moved in this direction?



The graph reveals a significant, consistent year on year and accelerating growth in power in education exercised by the private sector. As indicated in Chapters One and Three of this thesis there are key issues of accountability which need to be addressed given this growth of the private sector, in particular the need for information about service delivery now held by private contractors to be considered for return to the public realm and its non disclosure on the grounds of commercial sensitivity challenged. As indicated earlier in this thesis when we have a national system of inspection in education delivered by the private sector, the national primary and secondary strategies delivered by the private sector and even sensitive areas such as criminal record checks delivered by the private sector, consideration should be given to ‘accountabilities’ alongside contractual delivery as an indicator of efficiency and value for money.

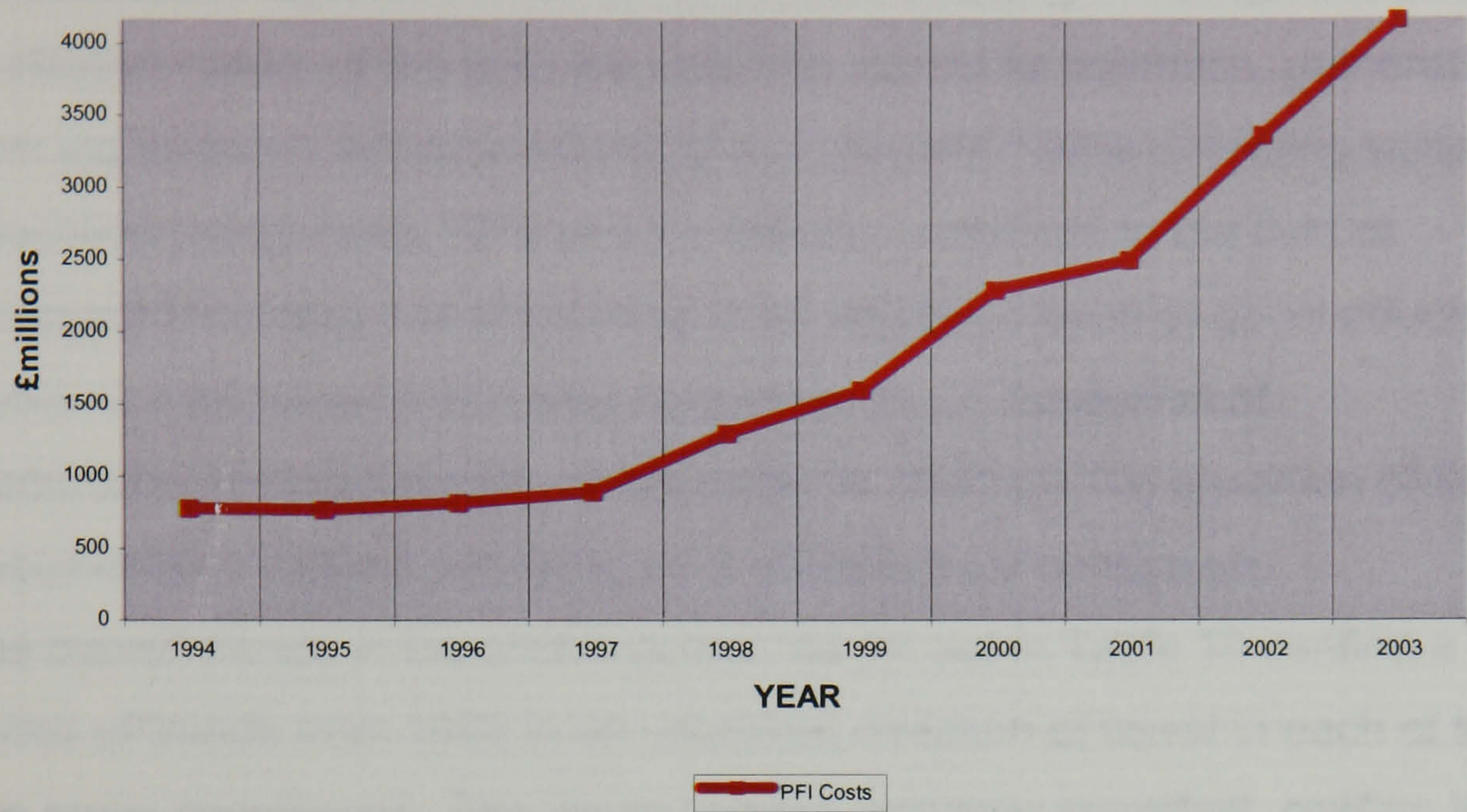
The fifth issue considered was whether parents or citizens had been affected in terms of their individual authority within the system of governance.



Whilst the graph represents empowerment of parents/citizens the scale of empowerment does not appear to be significant. The choice agenda in terms of school places, and the engagement of parents as school governors and elected parent representatives sitting on local authority scrutiny committees, whilst important, are perhaps overshadowed by the growth in parental empowerment through the information available to parents through inspection reports, published league tables of school performance and annual reports from governing bodies. It is, however, questionable whether the accountability of institutions to parents has grown in importance other than in their (parental) exercise of choice of school which usually happens at one point in their child's education, leaving the issue of ongoing accountability to parents a difficult area within which little evidence for improvement can be found.

The one area where facts are known and the evidence in Chapters Three and Four of this thesis confirms is in the growth of the Private Finance Initiative, measured by committed capital expenditure statistics, (Partnerships UK, 2005).

GROWTH IN PFI COSTS
TABLE 12



The dramatic growth in expenditure incurred through the expansion of the Private Finance Initiative since the election of a Labour government is set out above. This investment in the capital infrastructure of schools and colleges has been a marked feature of Labour’s policy and the case study of the investment in the City of Stoke-on-Trent confirms the Labour government’s commitment to improving the built learning environment for teachers and students.

If these graphs are consolidated a visual representation of the modernisation agenda can be seen. Whilst accepting the subjective and qualitative nature of the data the outcome stands as evidence, gathered from experienced educationalists, of a consistent theme – running across education policy since 1979 and the images contribute to the field of emerging knowledge as something to be improved upon or deconstructed. However interpreted it warrants discussion as an illustration of modernisation and a picture which confirms Hall’s (2003) assertion of the Thatcher/Blair Project operating on a philosophical continuum. The overall trends in the shift in power, as set out in Table 13 confirm a series of trends from 1988 in an unbroken direction of travel in each of the five areas considered. The visual images, however imperfect, confirm the choice, centralisation and competition continuities (Ball, 2001a, p 46) and the decline of authority on the part of local government. Table 14 indicates in a composite picture the scale of growth in the private finance initiative.

Table 13

TRACKING POWER SHIFTS AS A RESULT OF NATIONAL LEGISLATION

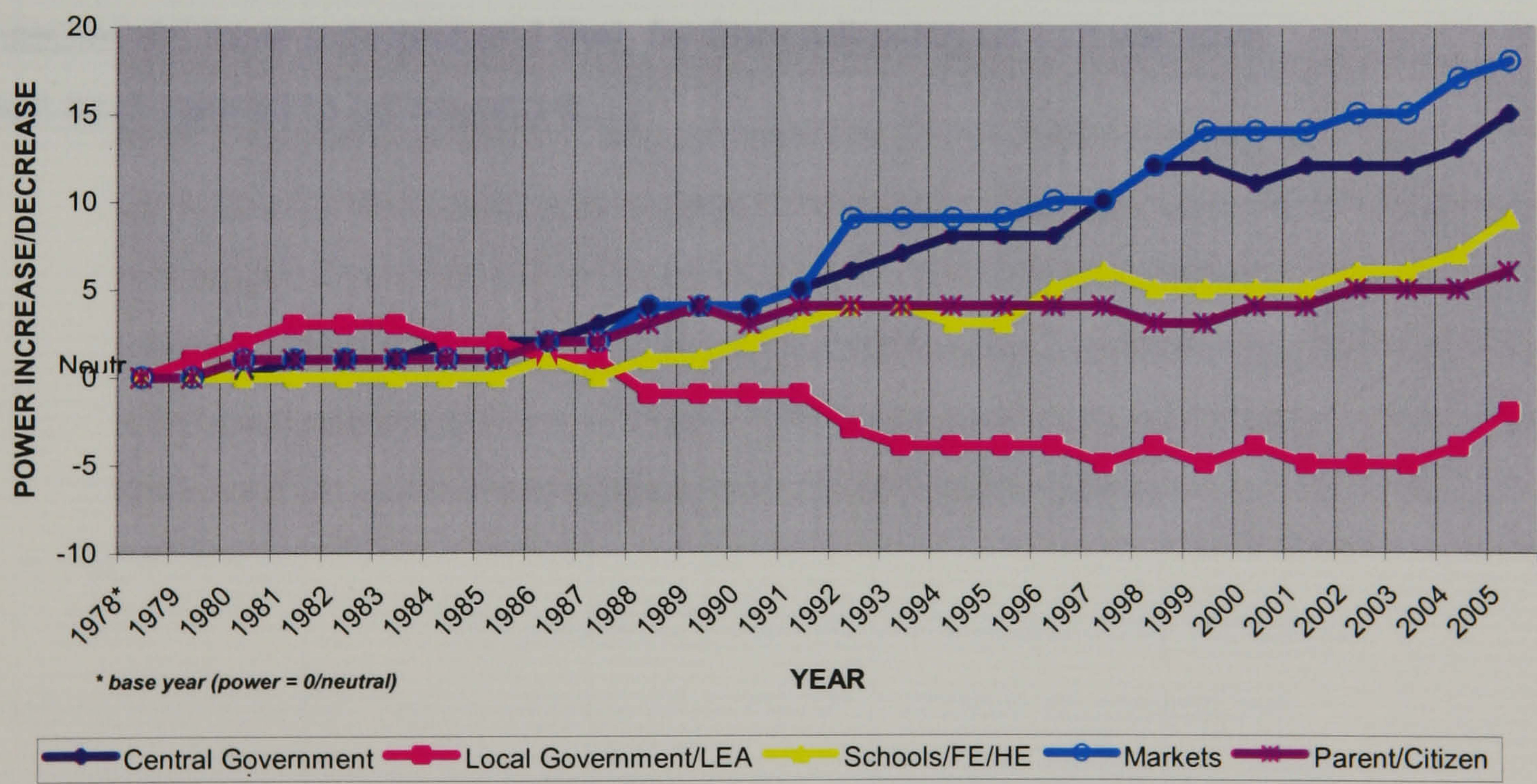
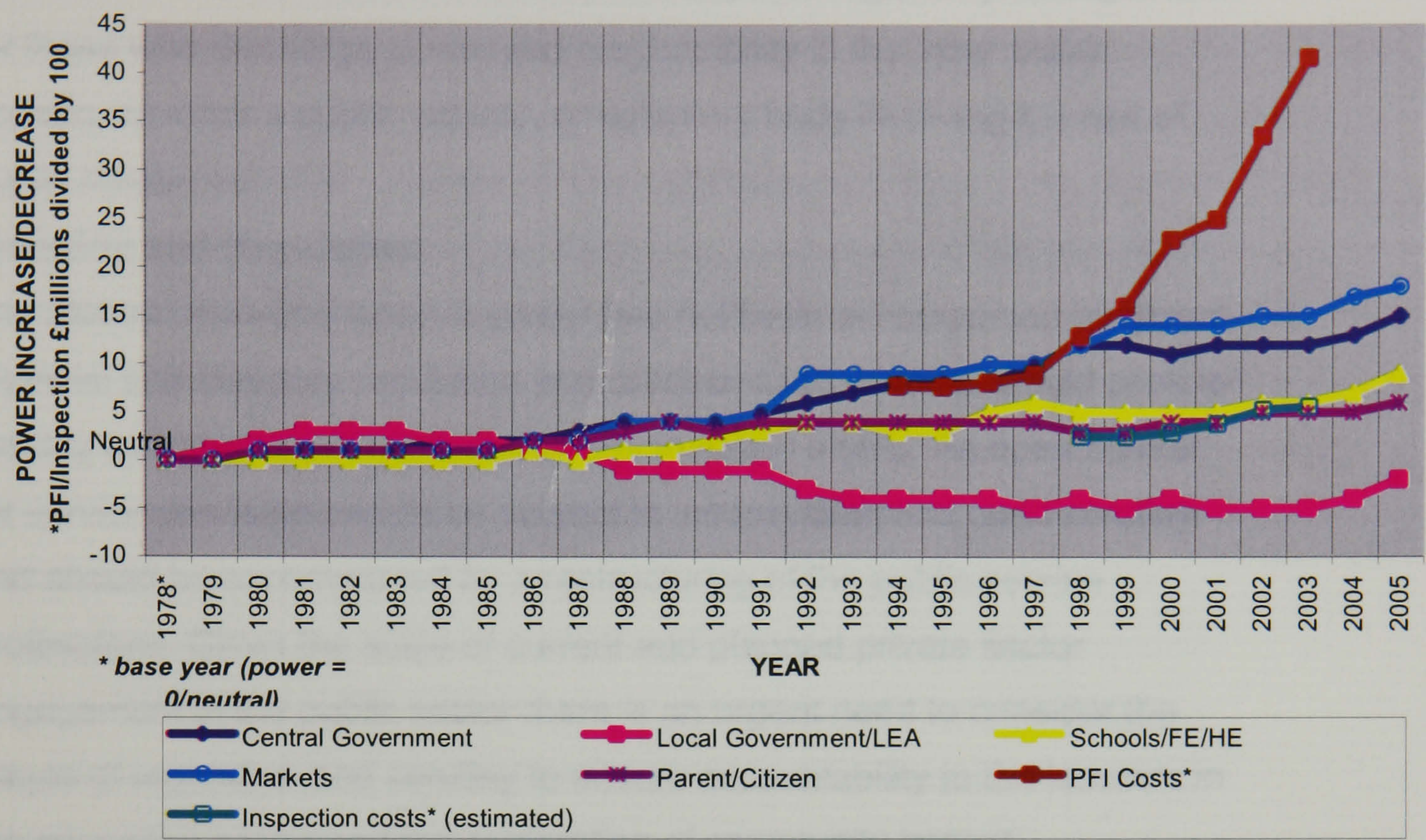


Table 14

TRACKING POWER SHIFTS AS A RESULT OF NATIONAL LEGISLATION



The descriptive and visual evidence of New Labour in power since 1997 as set out in this thesis could be considered to provide evidence that Mrs Thatcher did have a project and that, far from adjusting us to it we have been acclimatised to go beyond it.....

Accountability and Scrutiny

Given the research evidence in previous chapters there is clearly a case to be made for the consideration of new scrutiny and regulatory arrangements for those who discharge power and responsibility in the 'new' public domain, whether a public, private, or voluntary body involving the use of public resources.

Scrutiny and Regulation

The globalisation of economic power has not been accompanied by global financial and statutory regulation and democratisation which would seek to identify with contemporary social issues in nation states. An open market for service provision should be subject to independent and open scrutiny and should be accompanied by a restructuring of the public service professions. Given the scale of current and planned private sector engagement in the public sector there is an urgent need to consider the issues of regulation and scrutiny to ensure accountability to the learners in the education sector and the exploration of community impact.

In a sense the private sector, whether in fulfilling Private Finance Initiatives in the construction sector or operating an 'outsourced' function of a Local Authority are undertaking an activity within the public sector and should therefore be publicly accountable for their actions. This issue was noted by the Nolan Committee (1995) in looking at public spending bodies:

They operate at the boundary of the public and private sectors. They have considerable freedom to set their own priorities, yet their decisions are in many aspects part of public policy. Their actions may have a significant impact upon their local communities, going beyond those who are directly involved in the organisations themselves.

(Committee on Standards in Public Life 1995a:5)

Skelcher (2004) refers to the work of Hall and Weir (1996) who identified ten 'auxiliary precautions' intended to ensure transparency in the discharge of a public function and strengthen accountability in a situation where the governing body was not subject to election. It could be argued that these precautions should apply to private as well as public management in the expenditure of public resources and this would mean the imposition of

requirements upon the service delivery body; a requirement to publish annual reports and annual accounts and be subject to full public audit by the National Audit Office/Audit Office for Northern Ireland or Audit Commission/Accounts Commission (in Scotland). In addition they should be under the jurisdiction of an Ombudsman and be required to observe the Code of Practice on Open Government, with a public right to inspect a register of members' interests and to attend board or committee meetings, inspect agendas of meetings as well as a right to see minutes of meetings. The body should also be required to hold public meetings (Hall and Weir, 1996, quoted in Skelcher 2004, p 5).

Given that marketisation has generated a culture of distrust which has corroded the values of professionalism, citizenship, equity and service it must be a priority for modern social democracy to retrieve and reinvent the public domain seeking a new intellectual and political paradigm 'combining insights from traditional social liberalism and traditional social democracy' (Marquand, 2000).

The weakening of trust and social capital in modern society is linked to the decline of active citizenship and the values which were, at one time, the glue which held the Public Domain together. The elevation of profit and consumerism and the parallel lowering of respect for public service have diminished the vibrancy and relevance of a collective public realm within which individualisation has 'set' parameters. New Labour, with a focus on the expanded use of the 'more efficient' private sector in the public space, unfettering the individual by expanding choice, has allowed populism to dominate by default in the absence of dialogue.

Perhaps the romanticism of Marquand is a yearning for an earlier age rather than a quest for a new and redefined civic society. In looking to this future and learning from the past what lessons might be informative?

There is, for example, a dimension of cultural diversity in contemporary society for which there are few relevant historical guidelines around profitable community engagement. Similarly if the Welfare State has foundered on the rocks of citizen accountability (the lack of it) then a rebuttal of neo-liberal/third way criticisms is insufficient to design the way

forward, and the answer may be in scrutiny and accountability being refashioned for a new age.

The development of a scrutiny role for local government has evolved over the period 2000 - 2005, with impetus stemming from the role of a local authority in health scrutiny being set out in the 2001 Health and Social Care Act. The scrutiny role has been a new one, and councils have had to experiment to use it effectively. A range of changes could be made to strengthen the scrutiny of activity in the public domain by those elected, including expanding the role of the full council in being able to require the executive to adopt specific scrutiny recommendations and requiring council scrutiny of local strategic partnerships. It could also be a requirement that council's external contracts include rights for scrutiny to hold contractors to account as well as powers to summons local MP's and MEP's along with a provision to permit the direct election onto scrutiny committees or panels of any resident. (LGIU, 2005)

This enhanced scrutiny function needs to be seen within the context of a need for radical change in local governance. When public expenditure in the UK exceeds £500 billion annually and there are an estimated 450,000 people involved in local governance it is surprising that there is no common code of conduct for public sector governance. In response to this gap 'The Good Governance Standard for Public Services' was published by the Independent Commission on Good Governance in Public Services, chaired by Sir Alan Langlands, in January 2005, following support for the work by the ODPM, CIPFA and the Joseph Rowntree Foundation.

The Commission see good governance as building on the Nolan Principles (1995) and having six core principles for public and non public sector spending bodies:

Focusing on the organisation's purpose and on outcomes for citizens and service users

Performing effectively in clearly defined functions and roles

Promoting values for the whole organisation and demonstrating the values of good governance through behaviour

Taking informed, transparent decisions and managing risk

Developing the capacity and capability of the governing body to be effective

Engaging stakeholders and making accountability real.

(The Independent Commission on Good Governance in Public Services, p 5)

Alongside the growth in the scrutiny function the public sector has developed risk management strategies and the growth of risk management and the associated analytical frameworks provide a helpful self evaluation tool for the development for local governance – particularly in respect of accountability. It is in their definition of 'real' accountability that the Commission raises the issue of discourse as a key issue, commenting that:

Real accountability requires a relationship and a dialogue. The Public Services Productivity Panel (2002) said that accountability involves an agreed process for both giving an account of your actions and being held to account, a systematic approach to put that process into operation as a focus on explicit results or outcomes.

Real accountability is concerned not only with reporting on or discussing actions already completed, but also with engaging with stakeholders to understand and respond to their views as the organisation plans and carries out its activities.

(The Independent Commission on Good Governance in Public Services, p 23)

In developing an accountability relationship through dialogue a distinction needs to be made between the citizen and the consumer, the public and the service user. To the former there is accountability; to the latter consultation and responsiveness, to both a greater engagement with process and scrutiny of outcome.

The Commission for Good Governance in Public Services (2005) suggests a series of questions based upon their six core principles of good governance which a citizen could (should) pose to both assess and challenge governance standards, those around 'real' accountability are both simple and direct. The questions complement the requirements set out by Hall and Weir (1996); - (see pages 123, 124 of this dissertation):

Can I easily get information to answer all these questions?

Are there opportunities for me and other people to make our views known?

Does the organisation publish an annual report containing its accounts for the year? Are copies freely available? Is the content informative?

How do I find out what decisions were taken as a result of my and others' opinions being asked for?

Are there opportunities to question the people in charge about their plans and decisions?

Can I easily find out how to complain and who to contact with suggestions for changes?

(The Independent Commission for Good Governance in Public Services, p 31).

The major challenge is to consider whether, (and by whom), it is possible to construct a regulatory framework and policy that stimulates quality, efficiency and professional empowerment, as well as facilitating pedagogic and entrepreneurial discovery. Within this there must be a critical redefinition of democratic educational accountability and a greater transparency in the wider public domain of those who seek to work and profit within it. In the absence of a regulatory framework there cannot be an effective scrutiny of the performance of the private sector. A potential model of democratic accountability could be said to start with a view that 'the public sphere is inescapably a political space because it is the space of collectivity, constituted to undertake the tasks that individuals cannot do alone but only together as a collectivity', (Ranson, 2003, p 473).

If public accountability is held in stewardship by political authority with societal consent, and if in the public sphere it institutionalises a discourse about purposes and performance, then cultural reaffirmation of the consent

needs to be regularly sought. This must go beyond the traditional ballot box to an energised citizenship empowered to make a difference at a level that makes sense in daily life. If co-payment is a potential feature of a welfare state co-ownership of the discourse should be developed by an accountability narrative that is bespoke.

The emergence of autonomous groupings – governing bodies, corporations, health forums, offer the potential for modelling community governance and discourse – to shape and ensure ‘local’ bottom up accountability.

In a joint article Rod Aldridge, Chairman of Capita Group plc and Prof. Gerry Stoker, Chairman of the New Local Government Network suggested that private sector involvement in public services could enable the development of a new public sector ethos – a code covering probity, improvement in quality, accountability and community well-being ‘which would apply to all public services and public service commissioners and providers, irrespective of whether they are in the public, voluntary, not for profit or private sectors’ (Aldridge and Stoker 2002 p 2).

In their view public services should be defined, commissioned and regulated by accountable bodies.

Local area agreements offer an opportunity to a more flexible and responsive relationship between central government, local government and localities on the priority outcomes to be achieved on a local level – structured around three key themes – children and young people, safer and stronger communities and health and older people and driven by local government in partnership with the LSP they fit securely within the Local Public Service Agreements (LPSA). In Local Area Agreements there may be real potential and dynamic for change, with new models and accountability emerging:

‘The new progressive politics cannot be a reality unless we make local accountability work through reinvigorating the democratically elected mechanisms of local areas – local government’.

(Speech by Rt. Hon Gordon Brown MP 22 October 2004).

The reinvigoration of political parties should be considered with equal vigour. Political parties need to have the confidence to come out and

engage beyond party boundaries – their retreat has led to the apoliticisation of social change in localities. Increasingly local Councillors seek to exercise control over fewer and fewer functions and local elections become contexts for marginal power in the public realm – if control and power are equated. In fact the democratic locus provides a power of questioning, reporting, commenting and advising that is greater and more required than before.

The emergent nature of a 'new' politics and the attendant cultural change has major implications for the major political parties. There are lessons in localism which can be learned from devolved government in Wales and Scotland and, in particular, Europe, such as the French respect for locality, with every commune having an elected mayor with powers over streetscene, planning and services enabling a human embodiment of the commune's aspiration and pride. As Jenkins (2005) comments:

social capitalism works. It is a matter of choice I am not sure Britain knows how to make this choice any more. The government's dismantling of civic government has wrecked community self confidence. (Sunday Times, 21/8/2005 p 16).

Etzioni (2000) quoted Lionel Jospin as confirming that the French socialist leader was 'not against market based economy but market based society' (p 27).

What we need to do is to move beyond the assertion that a primary function of government is to establish the legal framework within which economic transactions occur (Stiglitz; 1988:24) and consider in an increasingly privatised public sphere the content, accounting and enforcing of the regulatory framework for public expenditure. The European social market model in which 'society' still has conceptual precedence over the economy offers little assistance in new patterns of regulatory process being defined although professionals may hold one of the keys.

The Restoration of Professionalism

Crouch (2003) argues that the restructuring of the public service professions, with a revised professional model of evaluating service performance could restore the concept of a 'citizenship welfare state'.

Central to this restructuring is a balancing of the consultation between government, professionals and local communities about objectives and strategies fit for educational purpose within that community. This requires the policy agenda and the professional agenda to mutually inform each other and reach a consensus. If this were to happen then a local context for education could be moderated, having regard to, but not being driven by, a central or national agenda.

As an example of this approach I would cite the development of community learning plans in Warwickshire. These are attempting to address the need for a differentiated education strategy in each of the five districts of the county, each with a differing and in some cases markedly different, socio-economic composition. Within each district all key stakeholders in education have come together to consider a bespoke development plan for the community. The values of co-operative measures and mutual support underpin debate and a collective set of objectives are being agreed. Underpinning this is the development of 'commonwealths of schools' starting initially with secondary schools. Secondary Headteachers are considering how the needs of the learner can be met within the local community, what joint professional development is needed and where pooled budgets can be agreed to act in the interests of the commonwealth. In seizing the agenda and having the professional courage to localise the national agenda, the professionalism within schools can be re-engaged and re-empowered. This professional ownership has the potential to create comprehensive learning communities and restore the principle of comprehensivisation beyond individual institutions. There is along way to go but the initial steps are promising – the longer term requires the cementing of trust between professionals and their schools and colleagues. New constructions of professionalism in respect of accountability – to whom, for what, how and when in a localist context could begin to challenge the shift from civic to user accountability driven over the past twenty years by marketisation (Ranson, 2003) and theories of new public management which ignore the wider public sphere and its legitimate expectations of engagement, thus promoting more grounded forms of professional accountability (Marquand, 2000).

As Gleeson and Knights (2005) indicated:

Rescripted, the professional imagination resides in forms of democratic governance rather than from the imposition of the dead hand of unaccountable audit and managerial cultures which, as we have intimated, lack the embodiment and developed legitimacy that would otherwise engage professionals. (p 14).

The new script could begin the task of framing a consensus against the definition of governance set out by the anarchist writer, Proudhon, in 1851, quoted by Caulkin:

To be governed is to be watched, inspected, spied upon, directed, law-driven, numbered, regulated, enrolled, indoctrinated, preached at, controlled, checked, estimated, valued, censured, commanded, by creatures who have neither the right nor the wisdom nor the virtue to do so,

(Caulkin, The Observer, 26th May 2002).

The drivers could well be the teaching profession itself – it may not stand in obedient and passive mode as the harsh economies of supply and demand become reality and the re-empowerment of a disenfranchised profession is seen as perhaps the only move left for policy makers to secure a high skills, high performing economy. It requires, in my view, a combination of democratic change, greater scrutiny and regulation and a restored professionalism, operating within a values framework, to enable a societal response to globalisation and the rediscovery that education and economic performance are partners in the same venture.

The continued subservience of the former to the latter will only continue to drive a diminished view of education and of the nature of learning itself.

Conclusion – Beyond the Power of Three – The Fourth Way

There are four principles which, in the judgement of the author of this thesis could be considered as central to a 'Fourth Way' – a refined 'modernisation' project.

The rights and entitlements of 'citizenship' require redefinition, and legislative safeguarding as an essential first step in a renewal of the public realm.

All providers of services in the public realm must be accountable to citizens and commissioners, within a model of accountability that gives equal, if not greater, emphasis to locally determined outcomes agreed and shaped locally - not imposed.

A common code of practice should be binding upon all providers in the public realm, covering contractual transparency; adherence to values enshrined in human rights legislation and revised Codes of Practice for the allocation of public sector contracts at local and national level.

A new constitutional settlement with a recognition of local government's role in the public realm and an acceptance of the importance of representative and empowered democracy.

There are four process issues which could enable these principles to develop into practice:

Professionals in the public realm need to reassert their knowledge, judgement and authority; to develop a dialogue of accountability to consumers and citizens which is capable of agreeing outcomes and shared professional accountability.

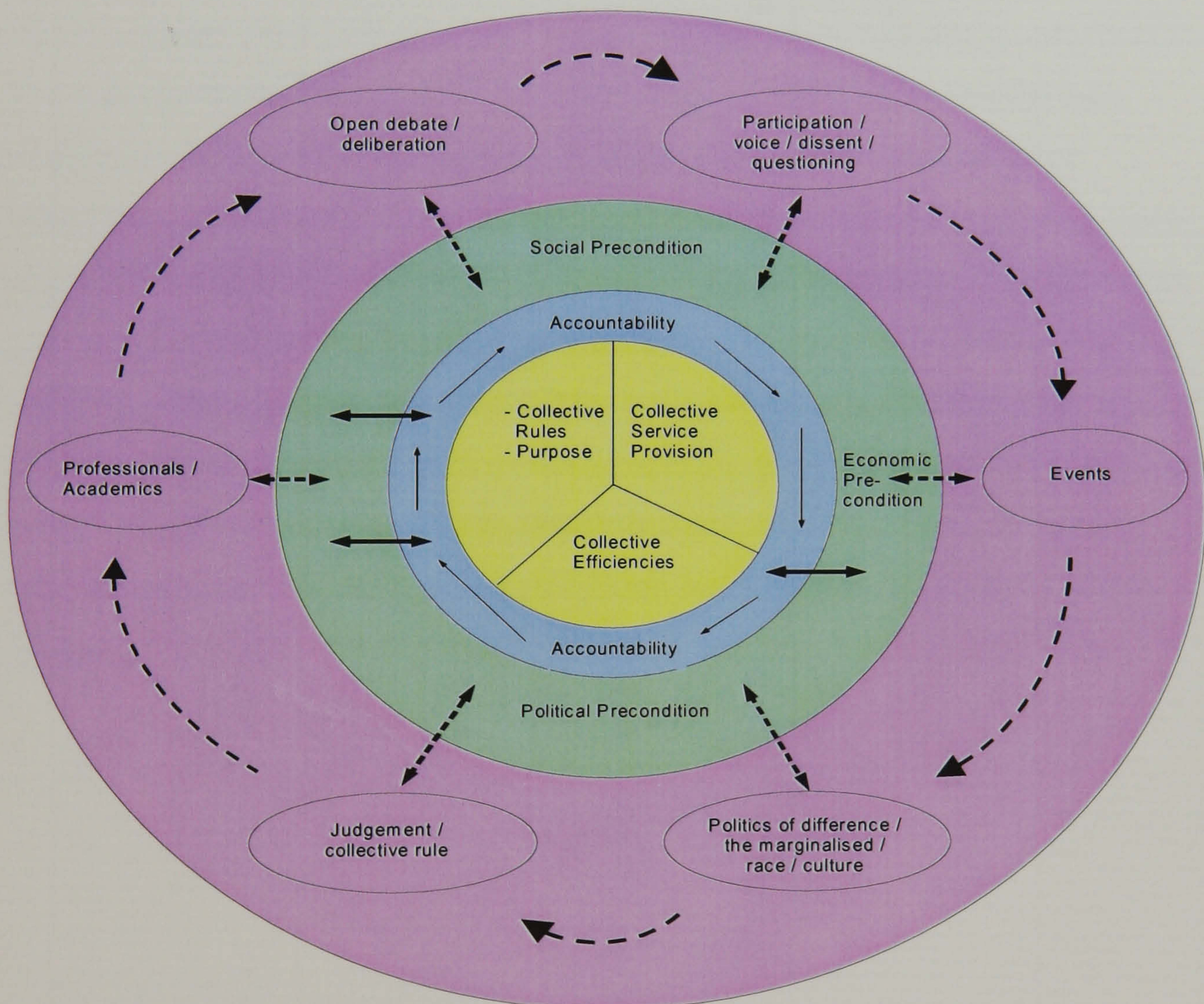
People in communities should be empowered to participate in evaluations of the local environment, with consultative mechanisms developed to produced demonstrable change.

Politics and politicians should be the promoter and guardian of 'well being' in communities, with representative and elected democracies leading on the scrutiny and accountability issues which form part of a citizen's entitlement and consumers rights within the public realm.

Partnerships between professionals, people and politicians should be developed and seen as a mainspring for community development. A new politics, embracing those who govern locally – school/college governors, health bodies, police, transport and the environment should be created and municipal strength/civic authority re-established.

There is an urgent need to rediscover democratic connectivity in the public sphere, given the sustained assault on citizenship over the past twenty years. This is particularly true of the education realm.

A model can sometimes illuminate the dynamics of an issue and interconnectivity in terms of what could happen – and, in part, this model builds upon Ranson's work on accountability. (Ranson, 2000, 2003)



The yellow core is the essence of what the public realm should contain. The blue band of accountability should surround the core completely, be resolved in dialogue with society, and the green band, which is driven by socio-economic-political imperatives interacts through scrutiny and

accountability mechanisms with the core. The yellow, blue and green bands are mutually informing and reinforcing. The purple outer band represents the potential energy which could drive the system – first one way - then another and the bands are connected in both horizontal and vertical places. Perhaps, in the near future, momentum will initially come from the ‘politics of difference’ in alliance with ‘professional energy and voice’ as the New Labour focus on equality of opportunity is challenged by an emerging consensus around equality of outcome – a new and different realm of modernisation and a recognition of a new public realm within which all are accountable – from Stoke-on-Trent to Sanctuary Buildings, one to the other. It could be concluded that:

Mr Blair had a project - Mr Brown’s historic project is

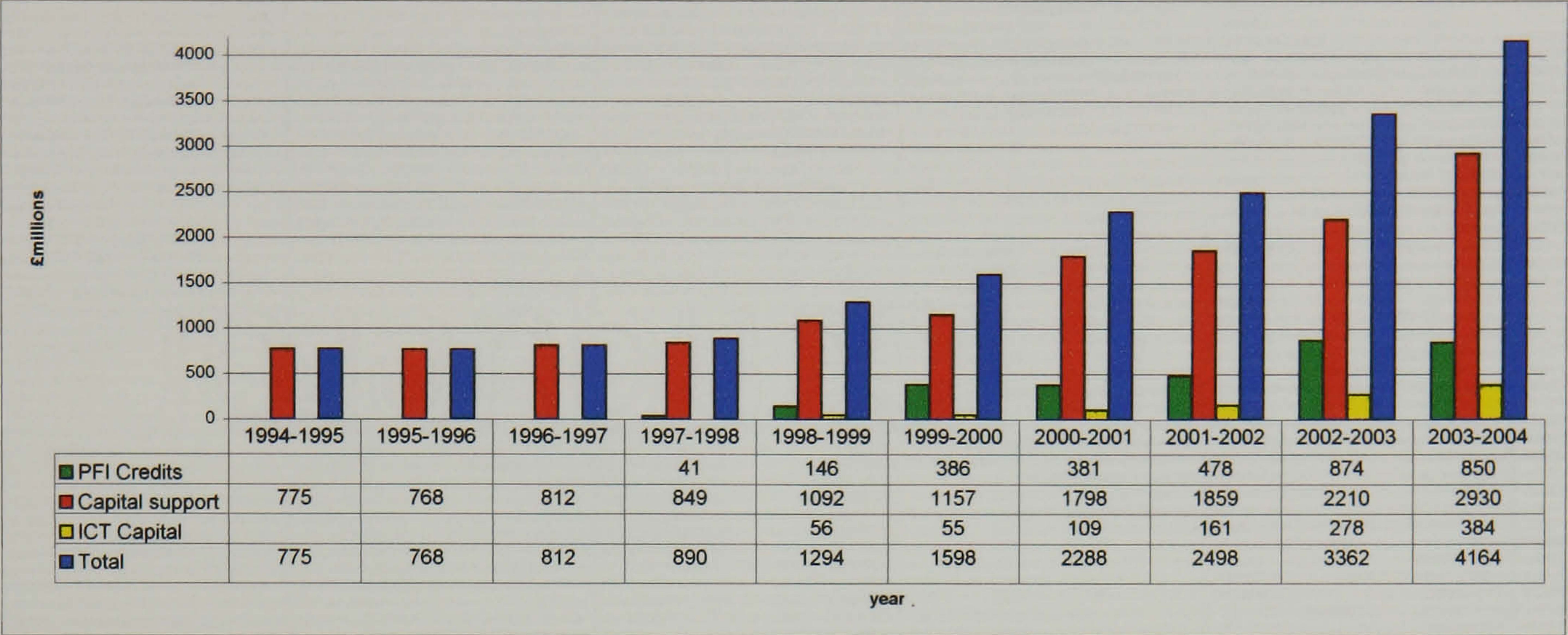
Postscript: The Research Process

The research process for this thesis was a journey of discovery and moved from a survey of contemporary literature and documentary analysis to the excitement of a case study and hearing the voices of participants in a three year project to change the built environment of schools in Stoke-on-Trent. As a researcher the process embraced an isolated analysis of evidence and a shared process of enquiry through interviews and, in assessing both processes and the emerging trends, led to a mini research study and the use of focus groups to gather further evidence to confirm or otherwise the emerging picture. What emerged was a series of further questions for future enquiries about the nature of educational governance, citizenship, and theories of accountability within the public education realm.

When I reflect upon the process I conclude that my professional knowledge has been extended by dealing with the range of material assessed and analysed, enriched by the individuals I interviewed and enhanced by attempting to make sense of the education policies pursued by New Labour since 1997 within the context of the modernisation agenda. The research process illuminated my understanding of the contexts of the modernisation agenda, which, in turn, influenced my own professional practice. It also confirmed my belief that the benefits of practitioner research are invaluable to the individual and if, in some small measure, the outcomes add to our wider collective knowledge then this represents a worthwhile and fulfilling pursuit.

A P P E N D I X O N E

Table 5



Figures may not sum because of rounding.
4. ICT capital does not include matched recurrent funding.
2. PFI credits do not represent investment by the public sector, but trigger a revenue stream to support the charges of the private sector providers.
3. Capital support can be either capital grant or supported borrowings.
1. All figures have been converted to 2003-04 price levels using the September 2004 Gross Domestic Product (GDP) deflators.

source: Statistics of Education - Education Training Expenditure since 1994-1995

Table 6

Category	Sector	SumOfCapital Value £'m
PFI	Airports	£ 9.50
PFI	Barracks	£ 768.21
PFI	Buses	£ 26.00
PFI	Business Process Re-engineering	£ 21.50
PFI	Courts	£ 185.00
PFI	Data & Voice Communications	£ 292.26
PFI	District Community Trusts	£ 246.60
PFI	Emergency Services	£ 451.84
PFI	Energy	£ 116.77
PFI	Environment	£ -
PFI	Equipment	£ 1,176.31
PFI	Further	£ 210.22
PFI	Higher	£ 441.80
PFI	Hospitals	£ 5,970.93
PFI	IT Infrastructure	£ 2,398.42
PFI	Libraries	£ 72.89
PFI	Museums	£ 42.00
PFI	Offices	£ 2,337.19
PFI	PFI Housing Projects	£ 396.07
PFI	Primary	£ 188.40
PFI	Primary & Secondary	£ 2,168.25
PFI	Primary Health Care	£ 78.55
PFI	Prisons & Detention Centres	£ 547.10
PFI	Property	£ 297.09
PFI	Public Leisure Centres	£ 50.01
PFI	Railways	£ 20.00
PFI	Roads	£ 3,029.30
PFI	Secondary	£ 1,368.79
PFI	Social Services	£ 23.60
PFI	Software	£ 214.50
PFI	Street Lighting	£ 222.00
PFI	Tram/Light Rail	£ 1,287.40
PFI	Underground Rail	£ 17,363.00
PFI	Waste	£ 1,230.54
PFI	Water	£ 292.40
Total		£ 43,544.44

source: Partnership UK Website

A P P E N D I X T W O

Education Timeline—policy direction 1979-2005

Year	Competition/ markets	Privatisation	Centralisation/ Regulation/ Power to SoS	Decentralisation to Schools/FE/HE	Power to LEAs/Councils	Social Policy	Employment/ Regeneration
1979			LEA Arrangements for the School Curriculum LEAs required to publish curriculum policies		Education Act Conservative repeal of Labour's 1976 Act gave back to LEAs right to select pupils for secondary education at 11		
1980	Education Act parents right to choose schools and right to appeal if they didn't get the schools they had chosen, development of information booklets, exam results to be published	Education Act assisted places scheme (public money for some children to go to private schools)			Education Act appeals panels	Education Act parents on governing bodies	White Paper A New Training Initiative: A Programme for Action set out first plans for Youth Training Scheme
1981			Education Act (following Warnock Report): Special Educational Needs		Education Act SEN assessment on Appeals Panels	Rampton Report precursor of the 1985 Swann Report, education of ethnic minorities.	Employment and Training Act abolished Employment Service Agency and Training Services Agency.
1982							Employment and Training Act removed trades unions from decisions about costs of training on employers. Industrial Training Act set up a regulatory framework for industrial training boards.
1983							
1984			Education (Grants and Awards) Act introduced Education Support Grants (ESGs) central government funds given to LEAs for specific purposes.				
1985						Swann Report Education for All major report (following on from 1981 Rampton report) looking at education in a multiracial Britain	
1986	Education Act (2) extended parental choice with regard to admissions			Education Act (2) governors to publish annual report and hold parents' meeting, composition of governing bodies was changed,	Education Act (1) LEAs to give governors information on funding. Education Act (2) LEAs to state policies	Education Act (2) no political indoctrination in schools, abolished corporal punishment, governors to	National Council for Vocational Qualifications (NCVQ) established to promote National Vocational Qualifications (NVQs).

Red = reports/schemes/comment

Education Timeline—policy direction 1979-2005

Year	Competition/ markets	Privatisation	Centralisation/ Regulation/ Power to SoS	Decentralisation to Schools/FE/HE	Power to LEAs/Councils	Social Policy	Employment/ Regeneration
1987			Teachers' Pay and Conditions Act abolished negotiating procedures set up by the 1965 Act. Secretary of State imposed teachers' pay and conditions until 1991.				
1988	Education 'Reform' Act arrangements for Testing and League Tables	Education 'Reform' Act City Technology Colleges	Education 'Reform' Act major act establishing National Curriculum, new rules on Religious Education and Collective Worship, OFSTED - privatised inspection	Education 'Reform' Act Local Management of Schools (LMS), more parent governors added to school governing bodies, governors now had legal responsibilities in relation to implementation of National Curriculum and control of the budget, apply for Grant Maintained Status (GM),			Employment Act introduced bridging allowance for young people waiting to take up YTS place. MSC renamed the Training Commission. Social Security Act 16/17 year-olds required to register for YTS. Youth Training Guarantee introduced. No 16/17 year-olds to be without education, employment or training.
	Local Government Act extended CCT to practically all ancillary services in local government (e.g. building, cleaning, grounds maintenance, refuse collection)						
1989			Elton Report <i>Discipline in Schools</i> response to concerns about lack of discipline in schools.			Children Act welfare of child of paramount consideration, stay with own family wherever possible, emphasis on support, protection and information	Employment Act abolished Training Commission.
1990				Education (Student Loans) Act introduced 'Top-up' loans for HE students and so began the diminution of student grants.			
1991	Parents' Charter gave parents the right to information about the schools and their performance (updated in 1994).		School Teachers' Pay and Conditions Act established a review body but gave Secretary of State the final say.				Training Credits/Youth Credits Employment Department began pilot schemes.
1992	Further and Higher Education Act introduced competition for funding between institutions	PFI launched	Education (Schools) Act established OFSTED (Office for Standards in Education) - privatised school inspection body. Further and Higher Education Act abolished the Council for National Academic Awards.	Further and Higher Education Act removed FE and 6th Form Colleges from local authority control and established Further Education Funding Councils (FEFCs), unified the funding of higher education under the Higher Education Funding Councils (HEFCs).			
	CCT extended to professional and technical services in local government (including finance, legal and personnel functions)						

Red = reports/schemes/comment

Education Timeline—policy direction 1979-2005

Year	Competition/ markets	Privatisation	Centralisation/ Regulation/ Power to SoS	Decentralisation to Schools/FE/HE	Power to LEAs/Councils	Social Policy	Employment/ Regeneration
1993			Education Act changes to funding of grant-maintained (GM) schools, provisions for 'failing' schools, new rules for pupil exclusions, National Curriculum Council (NCC) and School Examinations and Assessment Council (SEAC) combined and replaced by School Curriculum and Assessment Authority (SCAA). Dearing Report <i>The National Curriculum and Its Assessment</i> major review of National Curriculum - recommended reduction of content				
1994			Education Act established Teacher Training Authority (TTA) and regulated student unions. Special Needs Code of Practice on the Identification and Assessment of Special Educational Needs came into force – new independent SEN tribunals				Modern Apprenticeships piloted and accelerated
1995							Modern Apprenticeships introduced. Youth Credits introduced - Youth Training name dropped
1996	Nursery Education and Grant-Maintained Schools Act introduced voucher scheme for nursery education (unsuccessful scheme later withdrawn by Labour), allowed governors of GM schools to borrow money.		1996 Education Act huge act mainly consolidating all previous education acts since 1944. 1996 School Inspections Act consolidated previous legislation on school inspections.	Education (Student Loans) Act extended provision of student loans			Dearing Report review of vocational qualifications for 16-19 year olds. Jobseekers Act laid down rules about the relationship between study and eligibility for the Job Seeker's Allowance

Red = reports/schemes/comment

Education Timeline—policy direction 1979-2005

Year	Competition/ markets	Privatisation	Centralisation/ Regulation/ Power to SoS	Decentralisation to Schools/FE/HE	Power to LEAs/Councils	Social Policy	Employment/ Regeneration
1997			<p>Education Act wide-ranging but much watered-down. Qualifications and Curriculum Authority (QCA) established to bring together the work of the National Council for Vocational Qualifications (NCVQ) and the School Curriculum and Assessment Authority (SCAA), with additional powers and duties.</p> <p>Education (Mandatory Awards) Regulations set out the provisions for mandatory awards made by LEAs under 1962 Act.</p>	<p>Education (Schools) Act abolished the assisted places scheme. Proposed binding home-school agreements (not implemented).</p> <p>Dearing Report review of higher education.</p> <p>Kennedy Report reviewed under-participation in further education.</p> <p>Investing in Young People announced by DfEE. Aim to increase participation in post-16 education.</p>			National Traineeships introduced.
1998		<p>School Standards and Framework Act established Education Action Zones (sponsorship from local businesses)</p> <p>Education (Student Loans) Act transferred provision of student loans to the private sector.</p>	<p>School Standards and Framework Act changed names of types of schools, limited infant class sizes,</p> <p>Teaching and Higher Education Act established General Teaching Council</p>	<p>Teaching and Higher Education Act abolished student maintenance grants, required students to contribute towards tuition fees</p> <p>Beacon schools programme launched</p>	School Standards and Framework Act empowered LEAs and the Secretary of State to intervene in schools judged to be 'failing' by OFSTED		Disaffected Children Select Committee on Education and Employment report on 14-19 age group.
1999		<p>Various 'failing' local authority services put out to tender (as in Hackney and Islington) and Kings' Manor School in Guildford first to be handed over to a private company</p> <p>Local Government Act Best value introduced (challenge, compare, consult, compete), replacing CCT</p>	<p>Moser Report Improving Literacy and Numeracy: A Fresh Start National Literacy Strategy and National Learning Targets introduced</p>	<p>'Fresh Start' scheme - 'superheads' appointed to revitalise 'failing' inner-city comprehensive schools</p>			<p>Modern Apprenticeships expanded to 82,000 places. Investors in Young People developed further and renamed ConneXions.</p> <p>Education Maintenance Allowance (EMA) pilot schemes aimed at greater take-up of and achievement in post-16 education.</p>

Red = reports/schemes/comment

Education Timeline—policy direction 1979-2005

Year	Competition/ markets	Privatisation	Centralisation/ Regulation/ Power to SoS	Decentralisation to Schools/FE/HE	Power to LEAs/Councils	Social Policy	Employment/ Regeneration
2000		Consultants sent into LEAs in Bradford, Rochdale and Waltham Forest to advise on how improvements could be made after OFSTED uncovered 'serious weaknesses' in their work. Privatisation of Leeds LEA		Specialist schools scheme launched	Local Government Act Community strategies, Power of Wellbeing, changes in political structures, new ethical framework Beacon Council scheme launched		
2001			White paper Strong Local Leadership: Quality Public Services introduction of CPA		LPSAs pilots launched		
2002		City Academies first opened - effectively schools paid for by the private sector		Education Act more specialist schools		Education Act large increase in number of schools run by religious organisations	
2003				Classroom assistants scheme launched			
2004	University top-up fees MPs vote for variable fees by small majority.	Children Act <ul style="list-style-type: none">• New powers of intervention in failing authorities (use of private sector as intervening body)	Children Act: <ul style="list-style-type: none">• Children's Commissioner• Children and Young People's Plans• Framework for inspection and joint area reviews	Tomlinson Report <ul style="list-style-type: none">• Radical strategy for longer-term reform of learning for 14-19 year olds in England• All 14-19 yo have access to coherent and relevant learning programmes consisting of core learning (maths, literacy and ICT) and main learning (chosen by learner)• Existing system of qualification be replaced by a framework of diplomas at entry, foundation, intermediate and advanced levels• Assessment of main learning and an extended project be predominantly teacher-led• Number of exams cut	Children Act <ul style="list-style-type: none">• Local Safeguarding Children Boards• Director of Children Services and Lead Member Local Area Agreements (LAAs) pilots launched	Children Act <ul style="list-style-type: none">• Duty to safeguard and promote the welfare of children• New duty on agencies to cooperate to improve well bring of children and young people (Children's Trusts)• Power to set up a new database with information about children• Duty to promote education achievement of looked after children• Ascertaining children's wishes	Tomlinson Report <ul style="list-style-type: none">• Rationalised vocational pathways which capable of being combined with general and academic subjects in mixed programmes

Red = reports/schemes/comment

Education Timeline—policy direction 1979-2005

Year	Competition/ markets	Privatisation	Centralisation/ Regulation/ Power to SoS	Decentralisation to Schools/FE/HE	Power to LEAs/Councils	Social Policy	Employment/ Regeneration
2005	<p>Education Act</p> <ul style="list-style-type: none">• Competition arrangements for secondary schools extended from additional secondary schools to all replacement secondary schools	<p>More organised, multi national large scale private companies picking up contracts – PFI, hard services, soft services, School Improvement Advsiior functions</p> <p>Reduction to 5 main contractors for Ofsted inspections.</p>	<p>14-19 Education and Skills White Paper</p> <ul style="list-style-type: none">• Follow up to Tomlinson but met with disappointment that not implement radical reforms proposed by Tomlinson• Strengthens GCSEs and A-Levels rather than evolving into a new diploma system.• Introduce a general (GCSE) diploma which be equivalent of achieving 5 A*-C grade GCSEs• Age 16 no longer be fixed point in system• Stronger accountability framework <p>Education Act</p> <ul style="list-style-type: none">• Changes in school inspections including new powers for Ofsted, fewer days notice to schools, smaller inspections teams, greater self-evaluation, new categories• No role for LEA in academies or city technology colleges• Wider consultation for closures to rural schools and special schools• Teacher Training Agency to become the Training and Development Agency for Schools, and remit covers whole school workforce• Admission arrangements of maintained schools to give preference to looked after children	<p>14-19 Education and Skills White Paper</p> <ul style="list-style-type: none">• More robust teacher assessment <p>Education Act</p> <ul style="list-style-type: none">• Take into account views of headteacher, governing body, staff, pupils and parents when carrying out a school inspection• Enhanced role of Schools Forum• School profile replace annual parents meeting and annual governors report• School funding: money supply come direct in grant from Sec of State and not through Local Government Finance Settlement.	<p>14-19 Education and Skills White Paper</p> <ul style="list-style-type: none">• Responsibility of Local Authorities and LSCs to commission provision where there are gaps <p>Education Act</p> <ul style="list-style-type: none">• Regulations will require LEAs to set 3 year budgets <p>Local authorities to introduce School Improvement Advisors into secondary schools</p>	<p>Education Act</p> <ul style="list-style-type: none">• Greater public scrutiny of the additional inspectors who will be leading the new inspection system and the standards which these inspectors have to achieve	<p>14-19 Education and Skills White Paper</p> <ul style="list-style-type: none">• Rationalise current array of vocational qualifications into more easily recognisable diplomas• Sector Skills Councils will take the lead in designing the new diplomas• Movement will be allowed between academic and vocational routes

Red = reports/schemes/comment

A P P E N D I X T H R E E

**City of
Stoke on Trent**
Education Department

**Transform Schools
(Stoke) Holdings Ltd.**

**Balfour Beatty
Infrastructure
Investment Ltd.**
Innisfree PFI Fund II

**Principal Funding
Banks:**

Lloyds TSB Bank plc
Dexia Public Finance Bank.

Bank Advisors:

Technical: Faithful & Gould
Legal: Clifford Chance

**Transform Schools
(Stoke) Ltd**

**Planning Supervisor
WCPS Ltd**

**Stoke Schools
Joint Venture**

**Life Cycle
renewals/improvements
Various Contractors**

**Haden Building
Management Ltd**

**City of
Stoke on Trent**
Education Department

**Balfour Beatty
Construction Ltd**

**Balfour
Kilpatrick Ltd**

Estate Facilities Management /
Maintenance

GLOSSARY OF TERMS

CBI	Confederation of British Industry
CCT	Compulsory Competitive Tendering
CEO	Chief Education Officer
CPA	Comprehensive Performance Assessment
DETR	Department of the Environment, Transport and the Regions
DFEE	Department for Education and Employment
DFES	Department for Education & Skills
DTLR	Department for Transport, Local Government and the Regions
GM	Grant Maintained
HMC	Head Masters Conference
IPPR	Institute for Public Policy Research
KPI	Key Performance Indicator
LAA	Local Area Agreement
LEA	Local Education Authority
LPSA	Local Public Service Agreement
LSC	Learning & Skills Council
MP	Member of Parliament
NAHT	National Association of Head Teachers
NLGN	New Local Government Network
ODPM	Office of the Deputy Prime Minister
OfSTED	Office for Standards in Education
OPSR	Office of Public Services Reform
PFI	Private Finance Initiative
PPP	Public Private Partnership
PSBR	Public Sector Borrowing Requirement
PSNCR	Public Sector Net Cash Requirement
QUANGO	Quasi-autonomous non/national government organisation

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